A MODERN MINING COMPANY

OZ MINERALS

OZ MINERALS LIMITED ABN 40 005 482 824

ANNUAL REPORT 2014

OZ Minerals is an Australian based modern mining company with a focus on copper. OZ Minerals owns the Prominent Hill copper-gold mine and Carrapateena copper-gold project, both situated in South Australia. Prominent Hill consists of the Malu Open Pit, Ankata Underground mine and the recently commissioned Malu Underground mine.

In 2014, OZ Minerals achieved or exceeded all of our production targets, returning to a copper production 'run rate' of 100,000 tonnes per annum and exceeding market guidance for copper production, gold production and costs.

Business Strategy

Discovery + Development

OZ Minerals is pursuing a sustainable project pipeline through maximising value from its existing operating assets and looking to grow organically through exploration project development and acquisitions.

Production + Sales

Prominent Hill produces copper concentrates which are sold to customers in Asia, Europe and Australia.

Shareholder Value

OZ Minerals strives to generate superior value for its shareholders.

› 2014 SNAPSHOT

2014 key commitments achieved or exceeded with Prominent Hill production of 92,615 tonnes of copper and 148,192 ounces of gold.

Return to a 100,000 tonnes per annum 'run rate' for Prominent Hill by the end of the third quarter of 2014.

Commencement of a third operation at Prominent Hill with first production from the Malu Underground mine.

Consistent performance at Ankata Underground mine.

Quality pre-feasibility study released for Carrapateena.

Return to profit with revenue of $831.0 million, Underlying EBITDA (1) of $341.1 million, Underlying NPAT (1) of $30.3 million and Statutory NPAT of $48.5 million.

Balance sheet remains strong with cash of $218.5 million at 31 December 2014 and no debt.

Strategic review announced by new Managing Director and CEO.

First steps:

- **Relocate corporate functions to Adelaide;**
- **Carrapateena initiatives announced on infrastructure and processing technology; and**
- **Strategic partnership with South Australian Government.**

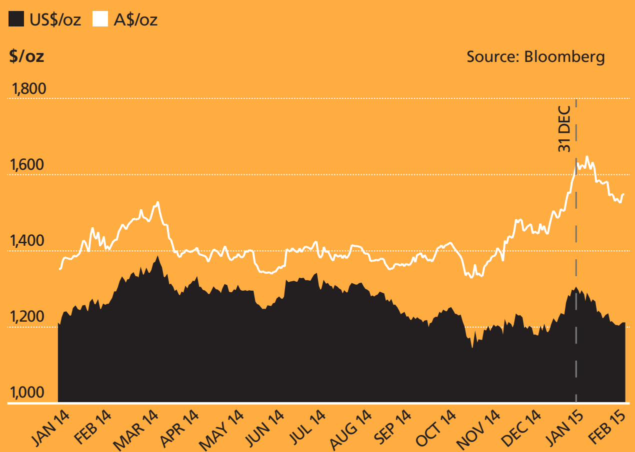
An interim dividend of 10 cents paid in September 2014. So as not to pre-empt the outcome of the strategic review, no further dividend was declared with respect to 2014.

Full year financial results summary

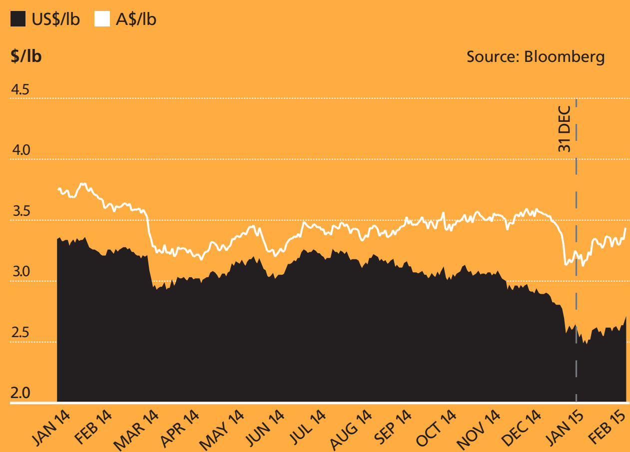
	2014 $m	2013 $m
Group revenue	**831.0**	**644.0**
Underlying EBITDA (1)	**341.1**	**115.8**
Depreciation and amortisation	(296.1)	(218.5)
Underlying EBIT (1)	**45.0**	**(102.7)**
Net financing income	3.6	7.0
Income tax (expense)/benefit	(18.3)	33.2
Underlying NPAT (1)	**30.3**	**(62.5)**
Non-underlying items net of tax	18.2	(231.9)
NPAT	48.5	(294.4)
Dividends per share – unfranked (cents)	**10**	**20**

(1) OZ Minerals financial results are reported under International Financial Reporting Standards ('IFRS'). This Annual Report and Results for Announcement to the Market include certain non-IFRS measures including Underlying EBITDA, Underlying EBIT, Underlying EBT and Underlying NPAT. These measures are presented to enable understanding of the underlying performance of the Consolidated Entity without the impact of non-trading items such as write-down of assets and results from discontinued operations. Non-IFRS measures have not been subject to audit or review. Underlying EBITDA, Underlying EBIT, Underlying EBT and Underlying NPAT are included in Note 3 Operating Segments, which form part of the Consolidated Financial Statements. Refer Note 3 Operating Segments to the Consolidated Financial Statements for further details.

Gold price



Copper price



A MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

I am pleased to report that in 2014, OZ Minerals demonstrated reliable and predictable performance meeting or achieving all of its targets, with strong operating performance in the open pit and the underground mines at Prominent Hill and delivery in other areas of the business as promised.

Our production from Prominent Hill exceeded guidance, with 92,615 tonnes of copper and 148,192 ounces of gold against our stated guidance of 85,000–90,000 tonnes of copper and 130,000–140,000 ounces of gold.

Following a series of productivity improvement initiatives implemented in 2014, Prominent Hill returned to an effective 100,000 tonnes per annum 'run rate' by the end of the third quarter of the year. We also commenced production from a second underground mine at Prominent Hill, Malu Underground.

Our operational performance saw OZ Minerals return to profit, with revenue of $831.0 million and statutory NPAT of $48.5 million. Our balance sheet remained strong, with a cash balance of $218.5 million at 31 December 2014 and no debt. The Company paid a dividend of 10 cents per share, which in aggregate equated to $30.3 million.

We delivered a high-quality pre-feasibility study for Carrapateena in 2014, highlighting the technical and financial viability of the project and we also established more potential in discoveries nearby.

We have now embarked on further testwork and studies which could significantly improve the value or composition of any future partnership stake in the development of Carrapateena, and as such, we suspended the partnering process we had underway until these initiatives are completed and the results then integrated into the pre-feasibility study.

During the year, Terry Burgess left as CEO after five years in the position. Terry arrived shortly after the sale of assets to China Minmetals, a challenging time for the Company. Under Terry's leadership, Prominent Hill produced more than 500,000 tonnes of copper and 800,000 ounces of gold, the Ankata and Malu Underground operations were commenced and the Carrapateena asset was acquired and has proven to be a most valuable development asset.

On top of these significant achievements, the Company maintained a strong balance sheet while also returning approximately $1.2 billion to shareholders in the form of dividends, capital returns and share buy backs.

In addition, Terry's leadership in the development of a strong safety culture and performance, and his contribution to social responsibility issues, gender equality and diversity and Indigenous opportunities within both the Company and industry, is recognised and appreciated.

On 3 December 2014, Andrew Cole joined OZ Minerals as Managing Director and CEO. Andrew has the requisite skills and background to lead OZ Minerals through its next phase. His mining experience covers the full value chain in multiple jurisdictions, and he has a proven track record in leading and developing people.

Andrew has instigated a whole of business strategic review to be completed by April 2015, and in the first few months of Andrew's tenure, I am pleased to see early decisions made to drive continuous improvement.

I encourage you to read the Operating and Financial Review on page 34 of this report, which includes detailed information on our operational and financial results for 2014.

Neil Hamilton
Chairman

31 March 2015

A MESSAGE FROM THE CEO

Dear Shareholder,

I am extremely pleased to join OZ Minerals.

Since my appointment in December, I have had the opportunity to familiarise myself with, and assess, the business. OZ Minerals is in an enviable position with a healthy balance sheet and a very good set of assets. Copper continues to have one of the best outlooks for base metals.

Prominent Hill is a quality asset and there is significant value to be extracted from it. In the mid-tier scale, Carrapateena is one of the best undeveloped copper resources in the world, located in an excellent jurisdiction.

My philosophy is to drive the best value from existing assets by running them as efficiently as possible.

My first priority in joining OZ Minerals was to implement a strategic business review. This is now firmly underway and encompasses optimising costs, reviewing our organisational structure to ensure it is appropriate for our business, examining opportunities for a sustainable long-term business and working to continuously improve our safety performance. This review will be completed and announced no later than the first quarter production report in April 2015. I have also committed to announcing decisions as they are made and several have been made to date.

In January 2015, we announced the decision to reduce the size of the corporate office, restructure the corporate function and move the location of the corporate office to Adelaide.

As part of reaching this decision, OZ Minerals has reached an innovative agreement with the South Australian Government to partner on technical and infrastructure projects. These include investigating the viability of a unique hydrometallurgical concentrate treatment process at a demonstration plant scale. This process has been successful at a pilot plant level and has shown impressive results to significantly upgrade copper in concentrate and reduce deleterious elements to trace levels. The demonstration plant trial will cost $18 million, some of which will be funded by the South Australian Government.

A second aspect of this partnership is to collaborate on infrastructure solutions that can enhance the value of Carrapateena. We have committed to undertaking a pre-feasibility study during 2015 on a rail study to investigate potential to transport ore by rail from Carrapateena to Prominent Hill for processing, instead of constructing these facilities at Carrapateena.

In light of this, the partnering process for the project has been placed on hold until the outcomes of these studies are known. In addition, we have suspended exploration drilling at the regional prospects of Khamsin and Fremantle Doctor, where we have demonstrated significant potential. Our focus is to now realise the value inherent in these resources via the above initiatives.

I believe these decisions are very positive for OZ Minerals.

In closing, I would like to acknowledge Terry Burgess' significant contributions over the past five years and his commitment to ensuring a smooth CEO transition.

I look forward to the year ahead and reporting to you again on our progress.

Andrew Cole
Managing Director and Chief Executive Officer

31 March 2015

OUR COMPANY STRATEGY

OZ Minerals is an Australian based modern mining company with a focus on copper. OZ Minerals owns the Prominent Hill copper-gold mine and Carrapateena copper-gold project, both situated in South Australia.

OZ Minerals' current strategy is based on delivering superior shareholder returns built upon a foundation of Governance and Zero Harm, with the following five key elements: a focus on copper, maximising current assets, building a project pipeline, investing in exploration and exercising disciplined capital management. With an experienced team, a strong balance sheet and quality assets, OZ Minerals is well positioned for the future. The strategy has been reviewed regularly, both at management and Board level, taking into account changes in market conditions and outlook and activities of OZ Minerals. The key pillars of the strategy have remained largely unchained since the strategy was first presented in 2009, although some detail adjustments in terms of scale and geographic focus have been made in subsequent years.

Following the appointment of Andrew Cole as Managing Director and CEO in 2014, OZ Minerals announced in January 2015 several key changes to meet the challenges of a changing resources sector and to position OZ Minerals for further growth.

This included the announcement that OZ Minerals is conducting a whole of business strategic review. The review encompasses optimising costs, reviewing the organisational structure to ensure it is appropriate for OZ Minerals, examining opportunities for a sustainable long-term business and working to continuously improve safety performance.

The strategic review is to be completed by April 2015. Throughout the process, any significant changes resulting from the review will be disclosed as they are determined and approved. Until such time as the review is complete, the business will continue to be run under the existing strategy.

Three early decisions have been made and announced as part of the strategic review.

On 28 January 2015, OZ Minerals announced a decision to reduce the size of the corporate office, to restructure the corporate functions and to move the location of the corporate office from Melbourne to Adelaide.

Associated with both of these announcements, an agreement has also been reached with the South Australian Government to work together to facilitate the development of copper projects in South Australia – a key economic imperative for the South Australian Government.

On 11 February 2015, OZ Minerals announced a number of initiatives towards leveraging greater value from its collection of assets in South Australia. These initiatives include a pre-feasibility study into the use of rail infrastructure to transport ore produced at Carrapateena to Prominent Hill for processing into concentrate and secondly, undertaking a demonstration plant for a hydrometallurgical process previously, based on pilot plant results, can significantly upgrade copper concentrate, improving its value and reducing costs.

Associated with these initiatives, which have the potential to significantly enhance the value of the Carrapateena project, OZ Minerals has decided to suspend the process previously underway to identify partners for that project until these studies are complete. Also, following successful exploration at both Khamsin and Fremantle Doctor, which has established the prospectivity of the Carrapateena district, OZ Minerals will suspend further exploration at Fremantle Doctor.

On 13 March 2015, OZ Minerals announced that it had sold its 19.5 percent interest in Sandfire Resources Limited after concluding that it will not be developing a more involved business relationship with Sandfire. A share price of $4.20 was achieved in this sale.

These changes do not alter OZ Minerals' strategy of actively seeking growth options in other locations around the world.

PROMINENT HILL
OPERATIONAL SUMMARY

In 2014, Prominent Hill successfully returned to a copper production 'run rate' of 100,000 tonnes per annum. Successful improvement initiatives were undertaken in the Malu Open Pit, Ankata Underground continued sustained good performance and a major milestone was achieved with first production from Malu Underground.

Flow rate testing at a ventilation fan, Malu Underground.

LOCATION
650km north-west of Adelaide, 130km south-east of the town of Coober Pedy.

PRODUCT
Copper concentrate (containing gold and silver).

MINING METHOD
Open pit and underground mines.

PROCESSING METHOD
Conventional crushing, grinding and flotation.

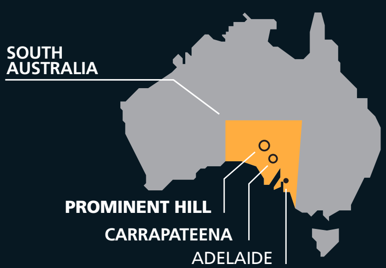
2014 PRODUCTION
92,615 tonnes contained copper,
148,192 ounces contained gold.

RESOURCES
178Mt @ 1.1% copper,
0.7g/t gold (1.9Mt copper, 3.9Moz gold).*

RESERVES
79Mt @ 1.0% copper, 0.6g/t gold
(800kt copper, 1.4Moz gold).*

SALES
Prominent Hill concentrates are transported via rail to Port Adelaide and then by ship to customers in Asia, Australia and Europe.

* See pages 11–14 for full disclosure.



In 2014, the Prominent Hill operation produced 92,615 tonnes of copper and 148,192 ounces of gold, exceeding guidance (2014 guidance 85,000–90,000 of copper; 130,000–140,000 ounces of gold).

In 2014, a range of productivity improvements were undertaken in the Malu Open Pit, leading to a sustained improved performance and returning Prominent Hill to a 'run rate' of 100,000 tonnes per annum. Improvements included larger working areas for excavators, efficient truck scheduling and high excavator utilisation.

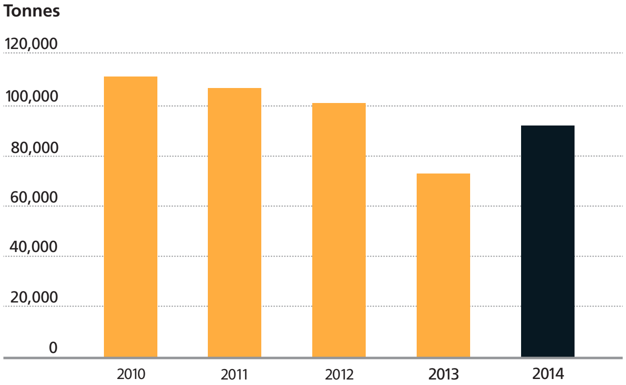
Strong mining rates in the Malu Open Pit across 2014, along with consistently good contribution from Ankata Underground and high mill availability, drove higher than expected production leading to revised guidance during the year, with material movement requirements now well past their peak.

In order to optimise equipment to the mining schedule, an excavator and associated truck fleet were demobilised in June 2014 and another fleet in January 2015.

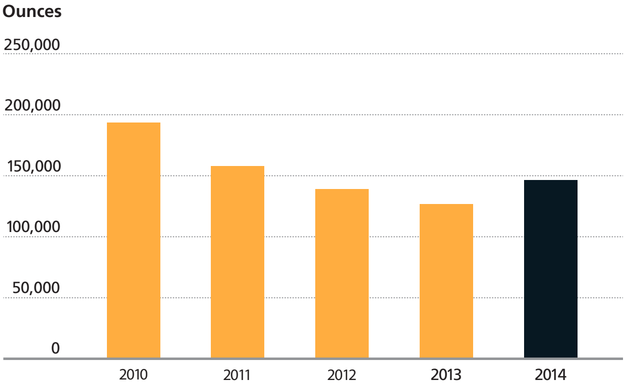
The Ankata Underground performed consistently, achieving the planned annual mining rate of 1.2 million tonnes of ore at 2.0 percent copper for the year.

Following approval by the Board in December 2013, the Malu Underground commenced commissioning in 2014 and produced first ore from stoping in October 2014. An accelerated program of capital works and underground resource definition drilling was undertaken and the Malu Underground operations have been integrated with Ankata Underground.

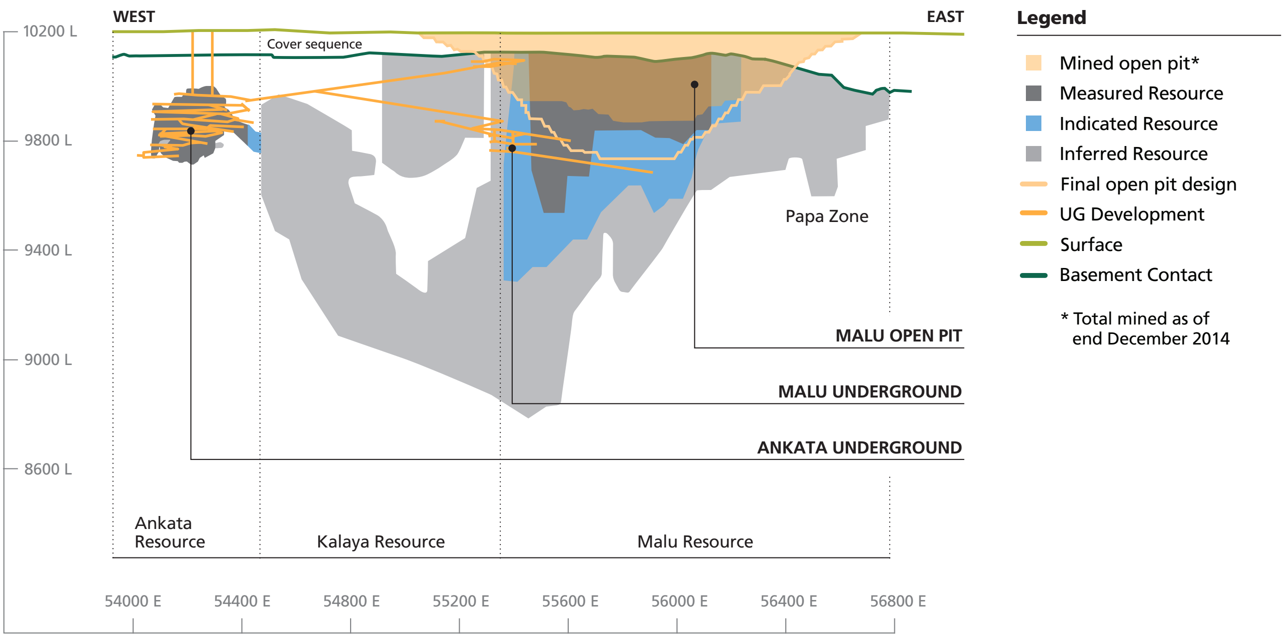
Copper Produced



Gold Produced



Prominent Hill Mine Infrastructure



CARRAPATEENA
PROJECT SUMMARY

A pre-feasibility study for Carrapateena was successfully completed in 2014, demonstrating technical and financial viability with the potential for a multi-decade operation at low operating costs.

LOCATION
250 kilometres south-east of Prominent Hill, 130 kilometres north of the regional centre of Port Augusta, in South Australia.

DEPOSIT
Iron oxide copper-gold deposit.

STATUS
Pre-feasibility study completed.
Further studies underway.

RESOURCES
Total Indicated and Inferred Resources (at a 0.3% copper cut-off) of 800Mt at 0.8% copper, 0.3g/t gold (6.3Mt copper and 8.4Moz of gold).*

RESERVES
270Mt at 0.9% copper, 0.4g/t gold (2,500kt copper and 3.5Moz of gold).*

* See pages 15–16 for full disclosure.

The Carrapateena copper-gold project in South Australia continues to demonstrate its quality.

In 2014, a pre-feasibility study for Carrapateena was completed. This demonstrated that the Carrapateena project is both technically and financially viable and offers the potential of multi-decade production at low operating costs. An initial Ore Reserve estimate, which underpins a 24-year mine life, was also declared.(1)

Key project points include:(2)

- Average annual production rate of 114,000 tonnes of copper and 117,000 ounces of gold.
- Long mine life of 24 years based only on Reserves.
- Ore-body will cave with pre-conditioning, as confirmed by three independent geotechnical consulting firms.
- Demonstrated ability to produce a high quality copper-gold concentrate averaging 30–35 percent copper over life of mine with uranium and fluorine below typical penalty levels and no arsenic.
- High metal recoveries of 92 percent and 70 percent for copper and gold, respectively.

OZ Minerals has now committed to undertake two key initiatives aimed at maximising the value of its Carrapateena copper assets.

In early 2015, OZ Minerals announced an infrastructure partnership with the South Australian Government to open up future opportunities through joint development of infrastructure. A scoping study completed in 2014 identified significant potential benefits, including potential lower development costs, from the development of new rail infrastructure to transport Carrapateena ore to the existing high-quality processing plant at Prominent Hill.

Following on from this, a rail infrastructure pre-feasibility study has been commissioned to develop this concept. As part of this work, an evaluation of third party build/own/operate financing of the rail will be undertaken, which could see significantly lower upfront capital required to develop Carrapateena. The study is expected to be completed during 2015.

The second project will investigate a concentrate treatment process. The Carrapateena pre-feasibility study anticipates a high-quality concentrate grade of 30–35 percent. A pilot plant hydrometallurgical process, conducted in 2014, successfully demonstrated the ability to substantially increase copper in concentrate to 55–60 percent copper, along with a significant reduction in deleterious elements, making it an even higher quality premium carrying concentrate for smelters. To test the scalability of this process, a demonstration plant trial will be undertaken in 2015 by OZ Minerals. The demonstration plant trial will cost $18 million, some of which will be funded through the partnership with the South Australian Government.

Both the rail infrastructure project and hydrometallurgical demonstration plant initiatives have the potential to improve the value or composition of any partnership stake in the development of Carrapateena. As such, the data room and partnering process run in 2014 has been suspended until these initiatives are completed and the results then integrated in the Pre-Feasibility Study.

EXPLORATION

During 2014, OZ Minerals' main exploration focus was at the Khamsin and Fremantle Doctor prospects, located ten kilometres and two kilometres, respectively, from Carrapateena.

On 26 May 2014, an initial Mineral Resource estimate as at 23 March 2014 was released for Khamsin. The initial Mineral Resource estimate is 202Mt at 0.6 percent copper, 0.1g/t gold.(3)

With the discovery of the Khamsin resource and some very significant early intersections at Fremantle Doctor, the prospectivity of the Carrapateena district to host further economic copper deposits is now well established. Therefore the exploration program around Carrapateena will be suspended.

GLOBAL EXPLORATION

In Jamaica, drilling at the Bellas Gate project is targeting copper-gold porphyry-style systems analogous to the Northparkes and Cadia-Ridgeway systems in Australia.

OZ Minerals is in joint venture with a private Canadian Company and is earning up to 80 percent equity in the Bellas Gate project through a staged earn-in at OZ Minerals' election.

OZ Minerals successfully completed Phase Two of its exploration activities at Bellas Gate, including meeting a minimum expenditure of C$600,000, and has now earned a 51 percent interest in the Bellas Gate joint venture.

Initial results from the maiden drill program at the Connors prospect within the Bellas Gate project area have been encouraging.

(1) For further information please refer to the Ore Reserve estimate for Carrapateena at 15 August 2014 is extracted from the report entitled 'Ore Reserve for Carrapateena underpins low operating cost, long life operation', released on 18 August 2014 and is available to view at www.ozminerals.com/operations/resources--reserves.html and to the Reserves and Resources Summary on pages 11 to 16 of this Report.

(2) All amounts are projected as detailed in the Carrapateena Pre-Feasibility Management Summary, released on 18 August 2014 and is available to view at http://www.ozminerals.com/news/asx-releases.html.

(3) For further information please refer to the Khamsin Mineral Resource as at 23 March 2014) is extracted from the report entitled 'Khamsin Mineral Resources Statement as at 23 March 2014', which was released to the market on 26 May 2014 and is available to view on www.ozminerals.com/operations/resources--reserves.html and to the Reserves and Resources Summary on pages 11 to 16 of this Report.

› SUSTAINABILITY

As a modern mining company, we actively share the benefits of our business to contribute positively to society.

OZ Minerals' safety performance in 2014 did not improve when compared with previous years and we recognise that we must make a step change in our performance. At the close of 2014, our total recordable injury frequency rate per million working hours stood at 8.18 (2013: 7.69). Our lost time injury frequency rate also increased to 2.47 (2013: 1.20*). In 2014, we had no fatalities or serious disabling injuries.

We believe that hurting people in the course of doing business is unacceptable and are striving to improve our performance in 2015. A working group of senior managers is reviewing our safety performance in detail and identifying opportunities to improve safe working practices at every level of the business to achieve a significant improvement in our future safety performance.

OZ Minerals continued its focus on incidents with potential for more serious consequences. All significant incidents with actual or potential consequences are reviewed by senior management from OZ Minerals and relevant contractor partners, including OZ Minerals' Managing Director and CEO. Outcomes from the reviews are communicated to the Sustainability Committee of the Board. These incidents, including the root cause and key corrective actions, are discussed with work crews to ensure we learn from these incidents and prevent their recurrence.

In 2014, we had no significant community or environmental incidents.

OZ Minerals continued to work towards its diversity targets. Three of the five job bands have achieved the company-wide target of 25 percent female representation. Females currently constitute 22 percent of OZ Minerals employees.

OZ Minerals provides sponsorships to sustainable locally driven initiatives in communities close to our operations. OZ Minerals' main sponsorships include the Royal Flying Doctors Service, the Remote and Isolated Children's Exercise Inc., local community events such, as races and gymkhanas, the South Australian Living Arts Festival as well as local sporting groups.

* The lost time injury frequency rate for 2013 has been restated (from 0.96) following a reclassification of an incident that occurred in November 2013.

Case study

LEADING MY CAREER

The Leading My Career program is OZ Minerals' flagship diversity program, which has been held annually since 2012.

The Leading My Career program was implemented to specifically assist the development of high performing women in the early to mid-stages of their career.

Leading My Career is run as a joint collaboration with Beach Energy and, from 2013, with Thiess (Prominent Hill).

The 2014 program focused on providing participants with skills and tools to develop resiliency within their careers.

Leading My Career involves participants undertaking a series of externally facilitated interactive workshops. Topics are focused on developing leadership and a focus on behavioural and communication skills that enable women to articulate and act on their future career objectives.

Participants are also matched with a senior executive from outside their organisation as a formal mentor. The mentor provides an opportunity for participants to engage with challenging and affirmative role models and learn from their professional and personal experiences.

There have now been 56 women who have completed the program, including 24 women from OZ Minerals.

A large proportion of participants of Leading My Career have progressed into more senior positions.

› RESERVES AND RESOURCES 2014

OZ MINERALS' ORE RESERVES AND MINERAL RESOURCES

The 2014 Ore Reserves and Mineral Resources of OZ Minerals are summarised in the table below along with the 2013 Ore Reserves and Mineral Resources for comparison.

	2014							2013						
	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (Kt)	Au (Moz)	Ag (Moz)
RESOURCES														
Prominent Hill	178	1.1	0.7	2.7	1,930	4.0	15	186	1.1	0.7	2.6	2,037	3.9	16
Carrapateena	800	0.8	0.3	3.3	6,300	8.4	84	800	0.8	0.3	3.3	6,300	8.4	84
Khamsin	202	0.6	0.1	1.7	1,100	0.9	11	–	–	–	–	–	–	–
Total	**1,180**	**0.8**	**0.3**	**3.0**	**9,330**	**9.3**	**110**	**986**	**0.8**	**0.4**	**3.2**	**8,337**	**12.3**	**100**
RESERVES														
Prominent Hill	79	1.0	0.6	2.8	800	1.4	7	67	1.0	0.6	2.7	650	1.2	5.8
Carrapateena	270	0.9	0.4	4.5	2,500	3.5	39	0	0.0	0.0	0.0	0	0	0
Total	**349**	**0.9**	**0.4**	**4.1**	**3,300**	**4.9**	**46**	**67**	**1.0**	**0.6**	**2.7**	**650**	**1.2**	**5.8**

Table subject to rounding errors.

Information in the table above was drawn from the following:

Deposit	Item	Estimate date	Release date
Prominent Hill	Mineral Resources 2013	30 June 2013	11 December 2013
Prominent Hill	Mineral Resources 2014	30 June 2014	20 November 2014
Carrapateena	Mineral Resources	30 June 2013	28 November 2013
Khamsin	Mineral Resources	23 March 2014	26 May 2014
Prominent Hill	Ore Reserves 2013	30 June 2013	11 December 2013
Prominent Hill	Ore Reserves 2014	30 June 2014	20 November 2014
Carrapateena	Ore Reserves	15 August 2014	18 August 2014

All Mineral Resources and Ore Reserves are estimates. The Resource and Reserve statements and their accompanying explanatory notes can be viewed at: http://www.ozminerals.com/operations/resources--reserves.html.

PROMINENT HILL 2014 ORE RESERVES AND MINERAL RESOURCES ESTIMATE SUMMARY

For a full copy of the Prominent Hill Resources and Reserves statement, please visit www.ozminerals.com.

The Prominent Hill Ore Reserves and Mineral Resources remain robust, with the majority of changes at Malu Open Pit and Ankata due to mining depletion. There were also additions to the Mineral Resources and Ore Reserves from successful drilling at Ankata and Malu Underground.

Prominent Hill Mineral Resource
The total Prominent Hill Mineral Resource as at 30 June 2014 was estimated to be 178 million tonnes at 1.1 percent copper and 0.7 grams per tonne gold for 1.9 million tonnes of contained copper and 3.9 million ounces of contained gold. Within this were estimated to be Ore Reserves of 79 million tonnes at 1.0 percent copper and 0.6 grams per tonne gold for 800 thousand tonnes of contained copper and 1.4 million ounces of contained gold.

The Prominent Hill Mineral Resource is comprised of copper-gold mineralisation and gold-only mineralisation. The June 2014 copper-gold Mineral Resource estimate is 7 percent lower in tonnes and 8 percent lower in copper tonnes than the previous Mineral Resource estimate. The gold-only estimate is 11 percent lower in tonnes and 12 percent lower in gold ounces.

Malu Open Pit Mineral Resource
The Malu Open Pit Mineral Resource decreased, mainly due to mining depletion.

Ankata Mineral Resource
The Ankata Mineral Resource decreased only slightly, with additions to the resource through drilling in the Pea Brain area offsetting the majority of the depletion of the Mineral Resource due to mining.

Malu Underground Mineral Resource
Drilling in the first six months of 2014 resulted in a slight increase to the Mineral Resource.

Kalaya Mineral Resource
There are no current exploration or mining activities at Kalaya. The Mineral Resource in this area decreased slightly, with geological interpretation changes bringing the resource into line with the current Malu Underground Resource.

Stockpiles
Copper-gold ore stockpiles to 30 June 2014 increased by 700 thousand tonnes to 1.7 million tonnes and gold-only ore stockpiles increased by 2.0 million tonnes to 8.5 million tonnes.

PROMINENT HILL 2014 ORE RESERVES AND MINERAL RESOURCES ESTIMATE SUMMARY CONTINUED

COPPER-GOLD MINERAL RESOURCE AT PROMINENT HILL – 30 JUNE 2014

Category	Tonnes (Mt)	CuEq (%)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)
MALU OPEN PIT (1) – 0.3% Cu CUT-OFF								
Measured	13.6		1.4	0.5	3.7	195	0.2	1.6
Indicated	20.3		1.1	0.5	2.8	226	0.3	1.8
Inferred	0.9		0.7	0.2	2.4	6	0.0	0.1
Total	**34.8**		**1.2**	**0.5**	**3.1**	**426**	**0.5**	**3.5**
MALU UNDERGROUND (2) – 0.9% CuEq CUT-OFF (3)								
Measured	7.4	1.8	1.6	0.4	4.1	117	0.1	1.0
Indicated	28.5	1.6	1.2	0.6	2.9	352	0.6	2.6
Inferred	39.8	1.4	1.1	0.6	2.9	453	0.8	3.7
Total	**75.6**	**1.5**	**1.2**	**0.6**	**3.0**	**922**	**1.4**	**7.2**
KALAYA (4) – 0.9% CuEq CUT-OFF (3)								
Measured	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
Indicated	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
Inferred	30.8	1.4	1.1	0.6	2.0	336	0.6	2.0
Total	**30.8**	**1.4**	**1.1**	**0.6**	**2.0**	**336**	**0.6**	**2.0**
ANKATA (5) – 0.9% CuEq CUT-OFF (3)								
Measured	8.2	2.6	2.4	0.4	4.0	198	0.1	1.1
Indicated	0.3	1.6	1.4	0.4	0.9	4	0.0	0.0
Inferred	0.6	2.0	1.9	0.2	8.6	11	0.0	0.2
Total	**9.1**	**2.5**	**2.3**	**0.4**	**4.2**	**212**	**0.1**	**1.2**
SURFACE STOCKS								
Measured	1.7		0.8	0.5	3.5	14	0.0	0.2
TOTAL								
Measured	30.9		1.7	0.5	3.8	523	0.4	3.8
Indicated	49.0		1.2	0.6	2.8	582	0.9	4.5
Inferred	72.0		1.1	0.6	2.5	807	1.4	5.8
Total	**152.0**		**1.2**	**0.6**	**2.8**	**1,911**	**2.7**	**14.1**

GOLD-ONLY MINERAL RESOURCE AT PROMINENT HILL – 30 JUNE 2014

Category	Tonnes (Mt)	CuEq (%)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)
MALU OPEN PIT (1) 0.5 G/T Au CUT-OFF BELOW 0.3% Cu								
Measured	0.7		0.0	1.8	1.7	0	0.0	0.0
Indicated	9.1		0.0	0.9	1.1	4	0.3	0.3
Inferred	0.3		0.0	0.9	0.8	0	0.0	0.0
Total	**10.1**		**0.0**	**1.0**	**1.1**	**5**	**0.3**	**0.4**
MALU UNDERGROUND (2) 0.9% CuEq CUT-OFF (3)								
Measured	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
Indicated	0.9	1.2	0.0	2.4	1.2	0	0.1	0.0
Inferred	1.7	1.4	0.1	2.7	0.9	1	0.2	0.1
Total	**2.6**	**1.3**	**0.1**	**2.6**	**1.0**	**1**	**0.2**	**0.1**
KALAYA (4) 0.9% CuEq CUT-OFF (3)								
Measured	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
Indicated	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
Inferred	4.7	1.5	0.1	2.8	0.6	4	0.4	0.1
Total	**4.7**	**1.5**	**0.1**	**2.8**	**0.6**	**4**	**0.4**	**0.1**
ANKATA (5) 0.9% CuEq CUT-OFF (3)								
Measured	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
Indicated	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
Inferred	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0**	**0.0**	**0.0**
SURFACE STOCKS								
Measured	8.5		0.1	0.8	2.3	8	0.2	0.6

PROMINENT HILL 2014 ORE RESERVES AND MINERAL RESOURCES ESTIMATE SUMMARY CONTINUED

GOLD-ONLY MINERAL RESOURCE AT PROMINENT HILL – 30 JUNE 2014 CONTINUED

Category	Tonnes (Mt)	CuEq (%)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)
TOTAL								
Measured	9.2		0.1	0.9	2.2	8	0.2	0.6
Indicated	9.9		0.0	1.1	1.1	5	0.3	0.4
Inferred	6.7		0.1	2.6	0.7	5	0.6	0.1
Total	**25.8**		**0.1**	**1.5**	**1.3**	**19**	**1.2**	**1.2**

Tables subject to rounding errors.

(1) Within Ore Reserves final pit design.

(2) Outside of Ore Reserves final pit design and east of 55300mE.

(3) Copper Equivalent (CuEq%) calculation can be found under 'Cut-off parameters' in the JORC Table 1 section of the 'Annual Resource and Reserve Update for Prominent Hill' released on 20 November 2014. Copper-Gold resources are defined only within Copper domains and Gold resources are defined only within Gold domains.

(4) Outside of Ore Reserves final pit design and west of 55300mE (excluding Ankata Mineral Resource).

(5) Ankata Mineral Resource.

Prominent Hill Ore Reserves

The Ore Reserves at 30 June 2014 were estimated to be 79 million tonnes at 1.0 percent copper and 0.6 grams per tonne gold for 800 thousand tonnes of contained copper and 1.4 million ounces of contained gold.

Malu Open Pit Ore Reserves

Changes since the last Ore Reserve was estimated on 30 June 2013 are as follows:

- Ore tonnes are unchanged despite mining depletion of 8.1 million tonnes due to an increase in the tonnage call factors (used to convert Mineral Resources to Ore Reserves) for both copper and gold ores.
- Contained copper decreased by 54 thousand tonnes in line with depletion.
- Contained gold decreased by only 20 thousand ounces despite depletion of 154 thousand ounces.

Ankata Ore Reserves

Changes since the last Ore Reserve was estimated on 30 June 2013 are as follows:

- Ore tonnes increased despite depletion from mining of 1.2 million tonnes. The increase came from the conversion of Inferred Resources within Reserve stopes to Measured and Indicated Resources and the definition of additional Reserves in the Pea Brain area. This is the third successive Reserve Statement for Ankata which has seen additions to the Ore Reserve.
- Contained copper increased marginally despite depletion from mining of 26 thousand tonnes.
- Contained gold decreased with mining depletion and lower grades in the Mineral Resource estimate.

Malu Underground Ore Reserves

- A maiden Ore Reserve for Malu Underground was declared in 2014.

SUMMARY OF THE ORE RESERVES AT PROMINENT HILL – 30 JUNE 2014

Classification	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)
MALU OPEN PIT							
Proved	27	0.8	0.6	2.9	220	0.5	2.5
Probable	32	0.7	0.6	2.1	230	0.6	2.1
Total	**59**	**0.8**	**0.6**	**2.4**	**450**	**1.1**	**4.6**
ANKATA							
Proved	8.1	1.9	0.3	3.2	153	0.1	0.8
Probable	0.2	1.2	0.1	0.7	2	0.0	0.0
Total	**8.3**	**1.9**	**0.3**	**3.2**	**155**	**0.1**	**0.8**
MALU UNDERGROUND							
Proved	4	1.6	0.4	4.1	60	0.1	0.5
Probable	9	1.5	0.7	3.5	130	0.2	1.0
Total	**13**	**1.5**	**0.6**	**3.7**	**190**	**0.3**	**1.5**
PROMINENT HILL ALL MINING AREAS							
Proved	38	1.1	0.5	3.1	440	0.6	3.9
Probable	41	0.9	0.6	2.3	360	0.8	3.1
Total	**79**	**1.0**	**0.6**	**2.8**	**800**	**1.4**	**7.0**

Table subject to rounding errors.

PROMINENT HILL 2014 ORE RESERVES AND MINERAL RESOURCES ESTIMATE SUMMARY CONTINUED

MATERIAL CHANGES IN THE PROMINENT HILL MINERAL RESOURCE AND ORE RESERVE STATEMENT

OZ Minerals is not aware of anything that materially affects the information contained in the Prominent Hill Mineral Resource and Ore Reserve Statement, 30 June 2014, other than changes due to the mining and processing of ore.

Changes to the Mineral Resources due to mining activities to 31 December 2014 are shown in the table below:

	Ore type	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (koz)	Ag (koz)
Open Pit	Copper-gold	(3.4)	1.4	0.5	3.5	(50)	(50)	(390)
	Gold only	(2.6)	0.0	0.9	1.0	0	(70)	(80)
Ankata	Copper-gold	(0.6)	2.5	0.7	3.7	(10)	(10)	(70)
Stockpiles	Copper-gold	0.8	1.3	0.2	2.9	10	0	70
	Gold only	1.6	0.1	0.5	2.7	0	30	140
Total		**(4.2)**	**1.3**	**0.7**	**2.4**	**(50)**	**(100)**	**(330)**

Kalaya Mineral Resource
The Kalaya Underground Mineral Resource is unchanged since 30 June 2014.

Malu Underground Mineral Resource
Since 30 June 2014 mining has been ongoing from Malu Underground. A small and immaterial quantity of ore was mined and processed and it is not included in the table of depletions above.

Changes to the Ore Reserves due to mining activities to 31 December 2014 are shown in the table below:

	Ore type	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (koz)	Ag (koz)
Open Pit	Copper-gold	(3.9)	1.3	0.4	3.1	(50)	(50)	(390)
	Gold only	(2.5)	0.0	0.9	1.0	0	(70)	(80)
Ankata	Copper-gold	(0.6)	2.5	0.7	3.7	(10)	(10)	(70)
Stockpiles	Copper-gold	0.8	1.3	0.2	2.9	10	0	70
	Gold only	1.6	0.1	0.5	2.7	0	30	140
Total		**(4.6)**	**1.1**	**0.7**	**2.2**	**(50)**	**(100)**	**(330)**

Malu Underground Ore Reserve
Since 30 June 2014 mining has been ongoing from Malu Underground. A small and immaterial quantity of ore was mined and processed and it is not included in the table of depletions above.

COMPETENT PERSONS STATEMENT

Prominent Hill Mineral Resources & Ore Reserves
The information set out in these tables are a summary of information relating to Prominent Hill Mineral Resources and Ore Reserves set out in the Prominent Hill Mineral Resources and Ore Reserves Statement as at 30 June 2014, which was released to the market on 20 November 2014 and is available at www.ozminerals.com/operations/resources--reserves.html.

The information in this Annual Report that relates to Prominent Hill Mineral Resources is based on and fairly represents information and supporting documentation compiled by Colin Lollo, a Competent Person, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 225331). Colin Lollo is a full time employee of OZ Minerals Limited. Colin Lollo is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights Plan (details of the plan are included in note 31 of the OZ Minerals Annual Report 2014). Colin Lollo has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Colin Lollo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Colin Lollo BSc (Geology), has over 18 years of relevant experience as a geologist including seven years in Iron-Oxide-Copper-Gold style deposits.

The information in this Annual Report that relates to Prominent Hill Ore Reserves is based on and fairly represents information compiled by Justin Taylor BEng (Min), a member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 307796). Justin Taylor is a full time employee of OZ Minerals Limited. Justin Taylor is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights Plan (details of the plan are included in note 31 of the OZ Minerals Annual Report 2014). Justin Taylor has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Justin Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CARRAPATEENA MINERAL RESOURCES AND ORE RESERVES AND KHAMSIN MINERAL RESOURCE ESTIMATE SUMMARY

For a full copy of the Carrapateena Mineral Resource and Ore Reserve statement and the Khamsin Minerals Resource statement, please visit www.ozminerals.com.

Carrapateena Mineral Resource Estimate
The Carrapateena Mineral Resource estimate as at June 2013 was unchanged in 2014 and is the current resource estimate. Since the estimation of the 2012 Resource for Carrapateena, drilling focused on the lower part of the deposit, and the Resource estimated in the 2013 update increased from 760 million tonnes to 800 million tonnes.

In the 2013 Resource, an additional seven holes (including five wedged holes) totalling 11,187 metres were included in the data modelling, bringing the total number of holes and metres drilled and intersecting mineralisation to 100 holes and 65,690 metres respectively.

Total Indicated and Inferred Resources (at a 0.3 percent copper cut-off) have increased from 760 million tonnes at 0.8 percent copper and 0.3g/t gold for 5.9 million tonnes of contained copper and 7.3 million ounces of contained gold to 800 million tonnes at 0.8 percent copper and 0.3g/t gold for 6.3 million tonnes copper and 8.4 million ounces of gold, reflecting:

- an increase in tonnage of 5 percent;
- an increase in contained copper of 7 percent; and
- an increase in contained gold of 14 percent.

The increase is mainly attributable to the additional drilling information, which has allowed geologists to better understand and interpret the deeper parts of the deposit and extend the envelope of the copper mineralisation.

CARRAPATEENA MINERAL RESOURCES – 30 JUNE 2013 (1)

Classification	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	U (ppm)	Density (t/m^3)	Cu (Mt)	Au (Moz)	Ag (Moz)
Indicated	356	1.0	0.4	4.3	191	3.49	3.7	4.9	50
Inferred	444	0.6	0.2	2.4	126	3.44	2.6	3.5	35
Total	**800**	**0.8**	**0.3**	**3.3**	**155**	**3.47**	**6.3**	**8.4**	**84**

Table subject to rounding errors.

1 Based on 0.3 percent copper cut-off grade.

Khamsin Mineral Resource Estimate
The Khamsin Iron Oxide Copper Gold (IOCG) deposit is located 10 kilometres north-west of Carrapateena. The Khamsin deposit was discovered in late 2012.

The initial Mineral Resource for Khamsin is based on 30 holes (including eight wedged holes) drilled since the discovery and is summarised in the table below. Holes were diamond drill holes spaced approximately 100 metres apart.

SUMMARY MINERAL RESOURCE FOR THE KHAMSIN DEPOSIT (1) AS AT 23 MARCH 2014

Classification	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	U (ppm)	Density (t/m^3)	Cu (Mt)	Au (Moz)	Ag (Moz)
Inferred	**202**	**0.6**	**0.1**	**1.7**	**86**	**3.05**	**1.1**	**0.9**	**11**

Table subject to rounding errors.

1 Cut-off – The estimated Mineral Resource has been reported based on the assumption that block caving is the most likely mining method. Within the Mineral Resource outline no selectivity has been assumed and consequently no cut-off grade has been applied, however the outline of the Mineral Resource has been constructed in order to maximise the amount of material above 0.4 percent copper within a potentially caveable shape.

Carrapateena Ore Reserve Estimate
With the completion of the Pre-Feasibility Study for Carrapateena demonstrating a positive economic outcome, an initial Ore Reserve estimate has been declared.

Please note, the Ore Reserve estimate was based on the Mineral Resource estimate as at 31 October 2012 (released on 21 January 2013). This Resource estimate was subsequently updated as at 30 June 2013 (released on 28 November 2013).

Carrapateena is a mineralised zone of haematite breccia and haematised granite within the granitic basement. It is overlain by 470 metres of cover. The Carrapateena orebody is a copper mineralised zone in the south-west of the haematite breccia. It is about 300 metres in diameter and extends more than 1,000 metres vertically. Economic gold and silver are also present in the orebody.

CARRAPATEENA ORE RESERVE ESTIMATE AS AT 15 AUGUST 2014

Location	Classification	Ore (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)
Lift One	Probable	110	0.9	0.5	5.3	1,000	1.7	18
Lift Two	Probable	160	1.0	0.4	4.3	1,500	1.8	21
Total	**Probable**	**270**	**0.9**	**0.4**	**4.5**	**2,500**	**3.5**	**39**

Table subject to rounding errors.

CARRAPATEENA MINERAL RESOURCES AND ORE RESERVES AND KHAMSIN MINERAL RESOURCE ESTIMATE SUMMARY CONTINUED

MATERIAL CHANGES IN CARRAPATEENA MINERAL RESOURCES AND ORE RESERVE ESTIMATES AND KHAMSIN MINERAL RESOURCE ESTIMATE.

OZ Minerals confirms is not aware of any new information or data that materially affects the information contained in the Carrapateena Mineral Resource estimate as at 20 June 2013, Carrapateena Ore Reserve estimate as at 15 August 2014 and the Khamsin Mineral resource estimate as at 23 March 2014.

COMPETENT PERSONS STATEMENT

Carrapateena Mineral Resources and Ore Reserve and Khamsin Mineral Resource
The information set out in this table is a summary of information relating to Carrapateena Mineral Resources set out in the Annual Carrapateena Resource Update and Mineral Resource Explanatory Notes as at 30 June 2013, released to the market on 28 November 2013 and is available at www.ozminerals.com/operations/resources--reserves.html. The information set out in this table is a summary of information relating to Carrapateena Ore Reserves set out in the Carrapateena Ore Reserves Explanatory Notes as at 15 August 2014.

The information set out in this table relates to the Khamsin Mineral Resource as at 23 March 2014 is extracted from the report entitled "Khamsin Mineral Resources Statement as at 23 March 2014" and is also available to view on www.ozminerals.com/operations/resources--reserves.html.

The information in this Annual Report that relates to Carrapateena and Khamsin Mineral Resources is based on and fairly represents information compiled by Stuart Masters, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 108430). Stuart Masters is a full time employee of CS-2 Pty Ltd and is a consultant to OZ Minerals Limited. Stuart Masters has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Stuart Masters consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Stuart Masters BSc (Geology), CFSG, has over 28 years of relevant experience as a geologist including 11 years in Iron-Oxide-Copper-Gold style deposits. Stuart Masters has visited Carrapateena site (where Khamsin exploration is conducted from) on nine occasions since OZ Minerals acquired the project. Stuart Masters has also visited Khamsin whilst drilling activities were being conducted there.

The information in the report that relates to Carrapateena Ore Reserves is based on and fairly represents information and supporting documentation compiled by Justin Taylor BEng (Min), member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 307796). Justin Taylor is a full time employee of OZ Minerals Limited. Justin Taylor is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights Plan. Justin Taylor has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Justin Taylor consents to the inclusion in this announcement of the matters based on his information in the form and context in which they appear.

GOVERNANCE ARRANGEMENTS

OZ Minerals has a longstanding Mineral Resource and Ore Reserve Policy, which establishes company-wide consistency, rigour and discipline in the preparation and reporting of Mineral Resources and Ore Reserves in accordance with industry best practice. The policy sets out:

- Reporting requirements.
- Review and approval requirements.
- Company standards.
- Accountabilities in relation to the assumptions and estimates used for Mineral Resource and Ore Reserve calculations; review, implementation and compliance with the policy; and delivery of Mineral Resource and Ore Reserve estimates and findings to the Board.

Updates to Mineral Resource and Ore Reserve estimates compiled during 2013 were completed in accordance with the guiding principles contained within the policy, suitably modified to meet current company structures, delegated authorities and estimate requirements.

This included:

- Reporting in compliance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition).
- Suitably qualified and experienced Competent Persons.
- All Mineral Resource and Ore Reserve estimates being subject to internal and external review and independent review by suitably qualified practitioners, inclusive of the Competent Persons.
- Approval by the Board of the Mineral Resources and Ore Reserves estimates prior to release to the market.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange ('ASX') Listing Rule 4.2A and Appendix 4E for the Consolidated Entity ('OZ Minerals' or the 'Consolidated Entity') comprising OZ Minerals Limited ('OZ Minerals Limited' or the 'Company') and its controlled entities for the year ended 31 December 2014 (the 'financial year') compared with the year ended 31 December 2013 ('comparative year').

Consolidated results, commentary on results and outlook

	31 December 2014 $m	31 December 2013 $m	Movement $m	Movement percent
Revenue	831.0	644.0	187.0	29.0
Net profit/(loss) after tax from continuing operations	41.6	(294.4)	336.0	(114.1)
Profit after tax from discontinued operation – Note 7	6.9	–	6.9	100.0
Profit/(loss) after tax attributable to equity holders of OZ Minerals Limited	48.5	(294.4)	342.9	(116.5)

The commentary on the consolidated results and outlook, including changes in state of affairs and likely developments of the Consolidated Entity, are set out in the Operating and Financial Review section of the Directors' Report.

Net tangible assets per share

	31 December 2014 $ per share	31 December 2013 $ per share
Net tangible assets per share	6.58	6.84

In accordance with Chapter 19 of the ASX listing rules, net tangible assets per share represent total assets less intangible assets less liabilities ranking ahead of, or equally with, ordinary share capital, divided by the number of ordinary shares on issue at the end of the financial year.

Dividends

Since the end of the financial year, the Board of Directors has resolved to not pay a final dividend in respect of the 2014 financial year.

The details in relation to dividends announced or paid since 1 January 2013 are set out below:

Record date	Date of payment	Cents per share	Total dividends $m
11 September 2014	25 September 2014	10	30.3
26 February 2014	13 March 2014	10	30.3
11 September 2013	25 September 2013	10	30.3
26 February 2013	12 March 2013	20	60.7

For Australian income tax purposes, all dividends were unfranked and declared to be conduit foreign income.

The Company's Dividend Reinvestment Plan was suspended in 2010 and remains suspended.

Independent auditor's report

The Consolidated Financial Statements upon which this Appendix 4E is based have been audited and the Independent Auditor's Report to the members of OZ Minerals Limited is included in the attached Annual Report.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to following the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (ASX Recommendations). The Board and Management regularly review the Company's policies and practices to ensure that the Company continues to maintain and improve its governance standards by following the eight ASX Corporate Governance Principles. The Company's corporate governance practices in respect of the year ended 31 December 2014 are detailed below.

The Company has complied with the second edition of the ASX Recommendations for the 2014 year. The third edition of the ASX Recommendations, which was released on 27 March 2014, will apply to the Company from the 2015 year.

Details of the main policies of corporate governance adopted by the Company and referred to in this statement and the Board Charter are available on the Company's website www.ozminerals.com in the Corporate Governance section.

Principle 1: Lay solid foundations for management and oversight

The Board has adopted a Charter that sets out the specific powers and responsibilities that have been delegated to the Company's Executive Committee ('EXCO') and the executive management team and those that it has reserved for itself. EXCO, led by the Managing Director and Chief Executive Officer ('MD&CEO'), is responsible for the leadership and management of the Company as a whole. EXCO performs its role in consultation with, and obtains guidance from, the Board and the Board Committees.

In addition to attending the regular Board and Committee meetings, the Directors allocate time for strategy and risk review sessions and for inspecting the operations of the Company. Directors receive a comprehensive monthly performance report, in a format determined by the Board, from the MD&CEO and Directors are briefed regularly by EXCO and members of the executive management team and other senior managers. Time is also allocated through the year for continuing education on significant issues facing the Company and changes to the regulatory environment.

The Chairman communicates regularly with the MD&CEO to review strategic and business issues and to agree upon Board meeting agendas.

The Company also has in place a Delegated Authorities Manual which is approved by the Board and circulated throughout the Company that makes clear to every employee what is or is not within the scope of their authority.

Assessing senior executive performance

In accordance with clause 7.5 of its Charter, each year the Board approves the criteria for assessing the performance of the MD&CEO, and the executive management team.

The performance of the MD&CEO and the executive management team was reviewed and evaluated during 2014. During the year the Board established key performance indicators for Mr Terry Burgess which reflected the challenges of the organisation. The Board reviewed the MD&CEO's performance against these performance criteria prior to him leaving the Company on 17 October 2014. The performance reviews of the executive management team were conducted regularly during the year by the MD&CEO, with a formal process conducted twice a year.

Details of how the Company assesses the performance of the MD&CEO and the executive management team are set out in the Remuneration Report.

Principle 2: Structure the Board to add value

Board composition

The Board strives to ensure that it is comprised of a diverse selection of strongly performing individuals of utmost integrity whose complementary skills, experience, qualifications and personal attributes are suited to the Company's needs. OZ Minerals' Board currently comprises seven Directors – one executive Director being the MD&CEO, and six Non-Executive Directors ('NEDs'). The Company's Constitution provides for a minimum of three, and a maximum of fifteen Directors.

A profile of each Director is set out in the Directors' Report as well as on the Company's website.

Independence

The Board is comprised of a majority of independent NEDs. While the Board has chosen not to early adopt the third edition of the ASX Recommendations, it has adopted and applied the independence test provided in Box 2.3 of the third edition of the ASX Recommendations. This test provides that in order to be characterised as independent, a director must be free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

All NEDs, including the Chairman whose role is separate to the MD&CEO, are independent and free of any relationship which may conflict with the interests of the Company. In order to ensure that any 'interests' that a Director has in a matter to be considered by the Board are known by each Director, each Director has contracted with the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest. Each Director is required by the Company to declare on an annual basis that they satisfy the independence criteria set out in the Board Charter and to disclose any related financial interests or details of other interests in the Company. At the beginning of each Board Meeting, Directors are requested to report whether there are any conflicts that other Directors should be aware of. The Board is also guided by the OZ Minerals Director's Conflicts of Interest Policy which provides a framework to assist Directors in managing and disclosing any conflicts of interest that may arise.

Selection and appointment of Directors

The Board, with the assistance of the Nomination & Board Governance Committee, regularly reviews its membership to ensure that it has the appropriate mix of diversity, skills and experience required to meet the needs of the Company. When a Board position becomes vacant or additional Directors are required, external professional advisers are engaged to assist with identifying potential candidates to ensure that a diverse range of candidates are considered.

Retirement and re-election of Directors

In accordance with the ASX Listing Rules and the Company's Constitution, no Director may hold office without re-election beyond the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election, however the Board will review and assess the performance of a retiring Director before giving a recommendation on whether a retiring Director should be re-elected.

The Company's Constitution also requires that Directors, excluding the MD&CEO, who have been appointed by the Board, must retire and stand for re-election at the next annual general meeting following their appointment.

During 2014, Ms Rebecca McGrath and Mr Dean Pritchard were re-elected as Directors of the Company. Mr Andrew Cole also joined the Board upon his appointment as MD&CEO on 3 December 2014 and Mr Terry Burgess left the Board when he ceased as MD&CEO on 17 October 2014.

Director induction and education

The Company has a process to educate Directors about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning the performance of Directors.

It has been the practice of Directors to visit the Company's mining operations and regularly meet with management to gain a better understanding of the business. During 2014, all directors visited the Prominent Hill site at least once.

New Directors receive a letter of appointment which outlines their main responsibilities together with an Induction Pack that provides them with a broad range of information about the Company.

Independent professional advice and access to Company information

Directors have a right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent advice from a suitably qualified advisor at the Company's expense.

Evaluating Board and Committee performance

The Board, with the assistance of the Nomination & Board Governance Committee, regularly monitors its performance and the performance of the Directors and Committees throughout the year and conducts a review of their performance on an annual basis. This occurs through a process of internal review led by the Chairman and may be performed with the assistance of external advisers as considered appropriate.

For the 2014 year this process was led by the Chairman of the Board based on a formal questionnaire and evaluation provided to each Director. The outcomes of the review were discussed and considered by all the Directors and the general conclusion was that the Board and its Committees were functioning well. The Board agreed on initiatives to improve the operation and performance of the Board.

Board Committees

The standing Committees of the Board are the Audit Committee, the Sustainability Committee, the Human Resources and Remuneration Committee and the Nomination and Board Governance Committee. Each Committee is entitled to the resources and information it requires to carry out its duties, including direct access to advisers and employees. Committee papers and minutes of Committee meetings are circulated to all Directors and all Directors are welcome to attend any meeting. Each Committee reports its deliberations to the next Board Meeting.

The Committee Charters and the membership details of each Committee can be located on the Company's website. Details of the number of Board and Committee meetings held during the year and each Director's attendance at those meetings are set out in the Directors' Report.

Principle 3: Promote ethical and responsible decision making

The Board and the Company's employees are expected to uphold the highest levels of integrity and professional behaviour in their relationships with all of the Company's stakeholders. The Company has developed a number of codes and policies to help Directors and employees understand what is expected of them. Below is a summary of the Company's core codes and policies which apply to Directors and employees.

Code of Conduct

The Code of Conduct describes standards for appropriate ethical and professional behavior for all Directors, employees and contractors working for the Company. The Code of Conduct, which is reviewed regularly by the Board, requires all Directors, employees and contractors to conduct business with the highest ethical standards including compliance with the law and to report any interest that may give rise to a conflict of interest. Breaches of the Code of Conduct are taken seriously by the Company and may be reported using the Company's Whistleblower Program. The Code of Conduct is made available to all employees and employees are made aware of the Code of Conduct through regular training programs. In addition to the Code of Conduct, the Company also has an Anti-Bribery and Corruption Policy which aims to ensure that all employees observe and comply with anti-bribery and anti-corruption laws and regulations.

Values

The Company has also implemented a set of Values designed to guide the Directors and all employees in their day-to-day dealings with each other, competitors, customers and the community. The Values established are Respect, Integrity, Action and Results.

Whistleblower Policy

The Company is committed to ensuring the Company's employees and contractors can raise concerns regarding illegal conduct or malpractice in good faith without being subject to victimisation, harassment or discriminatory treatment and to have such concerns properly investigated. The Whistleblower Policy, which is reviewed regularly, provides a mechanism by which all employees can confidentially report improper or illegal conduct without fear of discrimination. Where the complaint relates to suspected improper or illegal conduct of the MD&CEO or any other member of EXCO, the matter must be reported to the Chairman of the Board and the Chairman of the Audit Committee. Matters reported under the Whistleblower Policy that result in an investigation are monitored by the appropriate Board Committee. In addition, the Audit Committee receives a quarterly report on matters raised under the Whistleblower Policy.

Trading in the Company's shares

To safeguard against insider trading the Company's Securities Trading Policy prohibits Directors and employees from trading the Company's securities if they are aware of any information that would be expected to have a material effect on the price of Company securities.

The policy, which was last revised in February 2014, establishes 'black out periods' during which Directors and employees must not trade in the Company's securities. It also prevents Directors, executives and employees from entering into any hedging arrangements over unvested securities issued pursuant to any share scheme, performance rights plan or option plan. In addition the policy prevents participants in the Company's Long Term Incentive Plan from entering into financial arrangements such as margin loans, stock lending or any other arrangements involving OZ Minerals securities where a lender (or other third party) is granted a right to sell (or compel the sale of) all or part of an employee's OZ Minerals securities.

Diversity Policy

The Company believes that embracing diversity, by providing fair and equal access for employees to all employment opportunities, inevitably leads to a more effective workplace. The Company's approach to achieving diversity objectives is outlined in the Diversity Policy. The Diversity Policy has a particular focus on further improving gender diversity within the Company through an active attraction, engagement and retention strategy. This policy also outlines the Company's overall commitment to establishing programs and setting measurable targets to develop a diverse workforce that is representative of the broader society. The Board with the assistance of the Human Resources and Remuneration Committee is overseeing the implementation of programs and measurable targets which are set out in more detail below.

Improving Female Representation

In an industry with historically low numbers of women, OZ Minerals has a targeted strategy to increase the representation of women at every level within the Company.

Females currently constitute 22 percent of OZ Minerals employees and 14 percent of our Prominent Hill workforce.

Responsibility for our strategic approach to diversity lies with the OZ Minerals Board through the Human Resources & Remuneration Committee and the Sustainability Committee. Responsibility for performance against diversity goals lies with the MD&CEO, supported by the EXCO and the executive management team.

OZ Minerals sets formal diversity targets which are included as part of measuring the Company's overall performance and are formalised within our Diversity Policy. Progress against these targets is reviewed quarterly. The OZ Minerals Board also undertakes a bi-annual review of gender pay equity within each job band level of the Company.

OZ Minerals' target is to achieve a 25 percent female representation at every level within the company. At present, our individual contributors and senior leadership levels are equal to or are greater than 25 percent female representation. We are continuing to pursue gains within our middle management areas.

The Company acknowledges that improving female representation needs to occur at all levels. Our recruitment target is to achieve at least one female interviewed for 60 percent of all roles recruited.

In early 2015, the Company announced a decision to reduce the size of the Company's corporate office, to restructure the corporate function and to move the location of the corporate office to Adelaide where OZ Minerals currently has an operational satellite office. The relocation of the corporate office function is likely to have an impact on the Company's gender diversity, particularly in the short-term. As part of its recruitment strategy, OZ Minerals will maintain its commitment to increasing female representation and encourage the interviewing of female candidates for available roles, in line with candidate's experience and expertise.

OZ Minerals recognises that an important aspect of promoting gender diversity is to provide opportunities for women to move into key decision-making roles within the business. We have implemented training and development programs targeted for our high performing women, particularly within our middle management group. These programs and initiatives have been personally spearheaded and sponsored by the MD&CEO.

In 2014, the Company continued its successful Leading My Career program, run in conjunction with Beach Energy, an Adelaide based oil and Gas Company, and Thiess, our major mining contractor. Leading My Career provides specialised training and mentoring for our high performing women, particularly those who demonstrate potential to move into middle management in upcoming years.

Participants in Leading My Career are matched with a formal mentor. The mentor provides an opportunity for participants to engage with challenging and affirmative role models and learn from their professional and personal experiences.

The program has had great success in increasing the profile of women within their organisation, and has enabled participants to openly discuss their career goals with their managers. There have now been 56 graduates of the program to date, including 24 women from OZ Minerals. A large proportion of graduates have taken on increased roles or more senior positions.

Leading My Career participants were encouraged to apply for a scholarship to attend the Luminaries program, run by Behind Closed Doors. The Luminaries program is an invitation-only program aimed at "future executives" and gives the women on the program the chance to discuss business issues and support each other to attain greater professional success. In 2014, three OZ Minerals employees were awarded scholarships to continue their professional development. Leading My Career is anticipated to continue in 2015 with a new cohort of participants.

OZ Minerals offers equal remuneration for all our employees, reflective of the type of job, years of experience and the period for which employees have held their position. We annually review the earnings of our employees by gender and job band level to provide assurance that our employees' remuneration remains equitable and in line with market trends.

Measurable Targets

The measurable targets set out in the OZ Minerals Diversity Policy assist in managing diversity and ensuring that diversity is integrated into business and workforce planning. The table below sets out the measurable targets for 2014 and provides details on the progress of the Company towards these targets.

Measurable Target		Results
1.	Have at least one female Board Director at all times	Target achieved
2.	Increase numbers of females in all bands that do not currently have a representation of at least 25%.	Job bands A and E continue to have greater than 25 percent female representation.

2014 gender representation (values are in percentage)[(a)]

	Business and Functional Leadership	Departmental Managers	Superintendents/ Senior Specialists	Tertiary/ Supervisor	Individual Contributors
Female	33	18	16	21	25
Male	67	82	84	79	75

2013 gender representation (values are in percentage)[(a)]

	Business and Functional Leadership	Departmental Managers	Superintendents/ Senior Specialists	Tertiary/ Supervisor	Individual Contributors
Female	33	20	17	22	25
Male	67	80	83	78	75

(a) The calculation for gender representation across job bands has been revised to include permanent full and part time employees only. Job bands E and F have been combined due to low numbers of employees within senior management positions.

In 2014, the Company will continue to pursue improved gender diversity in addition to its ongoing commitment to providing employment opportunities to Aboriginal people. Details on progress against these commitments, in addition to detailed workforce statistics, can be found in the OZ Minerals annual Sustainability Report which is available on the Company's website.

Aboriginal employment

As part of its commitment to diversity, the Company has a continuing focus on providing employment opportunities for Aboriginal people. There are currently approximately 110 Aboriginal people working at Prominent Hill – one of the highest representations of Aboriginal people within Australian mining workforces.

OZ Minerals runs a two-day cross cultural awareness program for all Prominent Hill employees, including contractors. The program is run by traditional owners of the land, the Antakarinja Aboriginal group. It focuses on educating people about Aboriginal culture, particularly Antakarinja culture, including their beliefs, connection to the land and areas of cultural significance, as well as looking at challenges that persist for Aboriginal people. The program has been an important part of creating an inclusive, supportive culture at Prominent Hill.

At Carrapateena, the Kokatha Uwankara Native Title Claimant Group in collaboration with OZ Minerals is developing a culture awareness training program for OZ Minerals employees and contractors based at Carrapateena. This program will focus on the cultural beliefs and traditions of the Kokatha Uwankara people.

Principle 4: Safeguard integrity in financial reporting

The Audit Committee assists the Board in the effective discharge of its responsibilities in relation to financial reporting and disclosure processes, internal financial controls, funding, financial risk and management, the internal and external audit functions and the effectiveness of the Company's risk management framework. The Audit Committee Charter and the membership details of the Committee can be located on the Company's website. The experience and qualification of each member of the Audit Committee is set out in the Directors' Report. In addition, information on procedures for the selection and appointment of the Company's external auditor can be found in clause 6.1 of the Audit Committee Charter.

Principle 5: Make timely and balanced disclosure

The Company is committed to providing relevant up-to-date information to its shareholders and the broader investment community in accordance with continuous disclosure requirements under the ASX Listing Rules and the *Corporations Act 2001*.

The Company has a Continuous Disclosure Policy and Continuous Disclosure Protocols and Procedures, which outline the processes, protocols and procedures for identifying information for disclosure. The policy and the protocols and procedures aim to ensure that timely and accurate information is provided equally to all shareholders and market participants, consistent with the Company's commitment to its continuous disclosure obligations.

The policy and the protocols and procedures are reviewed regularly by the Board and updates are made where considered appropriate.

Principle 6: Respect the rights of shareholders

The Board aims to ensure that shareholders are provided with all information necessary to assess the performance of the Company. To achieve this, the Company has a Market Communication Policy which outlines the process through which the Company endeavours to ensure timely and accurate information is provided equally to all shareholders.

In addition to releasing information to the ASX the Company communicates directly with shareholders through a number of media including the Company's AGM, the Company's website, email notifications and published reports. Shareholders are able to elect to receive email communications from the Company which includes notification by email of their dividend payment information.

Principle 7: Recognise and manage risk

The Board recognises that risk management and robust internal controls are fundamental to sound management. It is a key responsibility of the Board to review and monitor the principal risks of the Company and its internal compliance and control systems in relation to material business risks. The Board is assisted by the Audit Committee in monitoring the Company's financial risk and the processes and controls underlying the identification and monitoring of risks. The Sustainability Committee assists the Board in monitoring the Company's environmental, health, safety and community related risks.

Management is responsible for the design and implementation of risk management and internal control systems in relation to material business risks. Management ensures that procedures (including utilisation of the Company's Business Improvement Program where appropriate) exist to monitor and review risks and, through observation and audit, gain assurance on at least an annual basis that effective controls are consistently being implemented and applied.

Management of Risks

The Company's approach is to embed risk management into all the Company's business systems, mining operations and exploration activities, including its business improvement program where appropriate. The Company's risk framework is applied to all risk aspects of the Company's business and is used to identify, assess, evaluate, treat, monitor and communicate risks using a common methodology. The framework is aligned with ISO Standard 31000. Risks are ranked with both pre mitigating controls and post mitigating controls and the rankings reflect the different types of likelihoods and consequences that may arise from risks, including metrics for Safety and Health, Environment, Community and Government, Reputation, Financial, Production, Organisational Effectiveness, Compliance and Project Management. The Company is exposed to numerous risks across its business, most of which are common within the mining industry. See the Operating and Financial Review in the 2015 Directors' Report which identifies the risk areas which may affect the Company's future operating and financial performance and the Company's approach to managing them as at the date of publication. The Company's risk management policy, which outlines the Company's approach to managing risks, appears on the Company's website.

The risk framework and the consideration of the Company's risk appetite is regularly reviewed at least half yearly by the Board and on a quarterly basis by the Executive Committee. Risks are analysed and reported using risk registers which are common to all areas of the business and are centrally consolidated.

Internal Control Framework

The key controls that the Company has in place to ensure that its risks are managed effectively and to protect the Company's interests and ensure the integrity of its financial reporting include the following:

- a robust planning and budgeting process for delivering a five year strategic plan and annual budgets with at least monthly reporting against performance targets;
- a delegations of authority manual that sets out authority levels for expenditure and commitments for different levels of management within the Company, including detailed policies for the management of investment of surplus cash, debt (if any) and foreign currency;
- a capital approval process that controls the authorisation of capital expenditure and investments;
- appropriate due diligence procedures for acquisitions and divestments; and
- regular and timely reporting on safety incidents and actions to improve safety performance.

Internal audit

The Company has an internal audit function that provides assurance that the financial risks of the business are being identified and monitors compliance with the Company's policies and procedures. The function has been outsourced to Deloitte. The firm conducts internal audit reviews in accordance with an audit plan approved by the Audit Committee. The internal audit plan is formulated following identification of key risks in the areas of financial and information technology controls, compliance with applicable laws, regulations and policies, fraud prevention and detection as well as specific services as directed by the Company to ensure an effective control environment. Key findings from internal audit reviews are reported to the Audit Committee. The internal audit function and the Audit Committee have direct access to each other and have the necessary access to management and the right to seek information and explanations.

Management assurance

Prior to the Board (or its sub-committee) approving the Company's 2014 full year financial results, certifications from the MD&CEO and the Chief Financial Officer ("CFO") are provided in relation to the Company's system of risk oversight and management and compliance with internal controls in relation to financial reporting risks.

The MD&CEO and CFO certifications included declarations in accordance with section 295A of the *Corporations Act 2001* (Cth) that the financial statements have been prepared in conformity with the accounting standards and that they give a true and fair view, in all material respects, of the financial position and performance of the Company for the 2014 financial year. The MD&CEO and CFO certifications also provided assurances that that the declarations provided in accordance with section 295A of the *Corporations Act 2001* are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects.

The MD&CEO and CFO declarations and assurances were supported by management certifications, which included management certifications provided by General Managers responsible for the operations and key functions.

Principle 8: Remunerate fairly and responsibly

The Human Resources and Remuneration Committee provides recommendations and direction for the Company's remuneration practices. The Committee ensures that a significant proportion of each member of the executive management team's remuneration is linked to his or her performance and the Company's performance. Performance reviews are conducted regularly to determine the proportion of remuneration that will be 'at risk' for the upcoming year. The Company's executives participate in a long term incentive program that is linked to the Company's performance against the Company's peers in the resources industry. For further details on this refer to the Remuneration Report.

Board remuneration

The total annual remuneration paid to NEDs may not exceed the limit set by the shareholders at an Annual General Meeting (currently $2.7 million). The remuneration of the NEDs is fixed rather than variable.

Further details in relation to Director and executive remuneration are set out in the Remuneration Report.

DIRECTORS' REPORT

Your directors present their report for OZ Minerals for the year ended 31 December 2014 together with the Consolidated Financial Statements. OZ Minerals Limited is a company limited by shares that is incorporated and domiciled in Australia.

Directors

The directors of the Company during the year ended 31 December 2014 and up to the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Neil Hamilton (Non-executive Director and Chairman)

Andrew Cole (appointed as Managing Director and Chief Executive Officer on 3 December 2014)

Paul Dowd

Brian Jamieson

Charles Lenegan

Rebecca McGrath

Dean Pritchard

Terry Burgess (ceased as Managing Director and Chief Executive Officer on 17 October 2014)

Principal activities

The principal activities of the Consolidated Entity during the financial year were the mining of copper, gold and silver, undertaking exploration activities and development of mining projects. For additional information on the activities of the Consolidated Entity refer to the Operating and Financial Review section in the Director's Report.

Significant changes in the state of affairs

Refer to the Operating and Financial Review section for the significant changes in the state of affairs of the Consolidated Entity.

Dividends

Since the end of the financial year, the Board of Directors has resolved to not pay a final dividend in respect of the 2014 financial year.

The details in relation to dividends announced or paid since 1 January 2013 are set out below:

Record date	Date of payment	Cents per share	Total dividends $m
11 September 2014	25 September 2014	10	30.3
26 February 2014	13 March 2014	10	30.3
11 September 2013	25 September 2013	10	30.3
26 February 2013	12 March 2013	20	60.7

For Australian income tax purposes, all dividends were unfranked and were declared to be conduit foreign income.

The Company's Dividend Reinvestment Plan was suspended in 2010 and remains suspended.

Information on directors and officers

Particulars of the qualifications, experience and special responsibilities of each person who was a Director during the year ended 31 December 2014 and up to the date of this report are set out below:

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	OZ Minerals special responsibilities during the year
Current directors				
Neil Hamilton Independent Non-executive Chairman Appointed as a Non-executive Director on 9 February 2010 and Chairman on 13 April 2010 LLB	Mr Hamilton is an experienced professional Company Director and Chairman. He has over 35 years' experience in the legal profession and in business with substantial experience in senior management positions and on boards of public companies across law, funds management, investment, insurance and resources. Mr Hamilton has broad directorship experience across a range of ASX listed companies. He is the former Chairman of Challenge Bank Ltd, Western Power Corporation, Mount Gibson Iron Ltd, Iress Market Technology Ltd and Miclyn Express Offshore Ltd. Mr Hamilton is also a Senior Advisor to UBS.	Non-executive Director of Metcash Limited since February 2008.	Chairman of Miclyn Express Offshore Limited from February 2010 to June 2013.	Chairman of OZ Minerals Limited Board. Chairman of Nomination & Board Governance Committee. Member of Human Resources & Remuneration Committee.
Andrew Cole Managing Director and Chief Executive Officer Appointed on 3 December 2014 BAppSc (Hons) in Geophysics MAICD	Mr Cole has over 20 years' experience in exploration and operations in the resources industry. Following exploration geoscientist roles in Australia, Canada, USA and Mexico with Rio Tinto Exploration (CRA and Kennecott), Mr Cole spent 10 years in mine development and mine operations with Rio Tinto in Australia, China, Canada and the United Kingdom. During his career at Rio Tinto, Mr Cole held various senior and leadership positions, including General Manager Operations of the Clermont Region Operations, including the Blair Athol Mine and Clermont Mine, Chief Executive Officer of Chinalco Rio Tinto Exploration and Chief Operating Officer of Rio Tinto Iron and Titanium. Mr Cole is a Councilor of SACOME (South Australian Chamber of Mines and Energy).	None.	None.	MD&CEO of OZ Minerals Limited.

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	OZ Minerals special responsibilities during the year
Current directors				
Paul Dowd Independent Non-executive Director Appointed on 23 July 2009 BSc (Eng)	Mr Dowd is a mining engineer and has been in mining for 49 years, primarily in the private sector, but also serving in the Public Sector as head of the Victorian Mines and Petroleum Departments. He has held senior executive positions with Newmont and prior to that Normandy, including as Managing Director of Newmont Australia Limited and Vice President of Australia and New Zealand Operations for Newmont Mining Corporation. Mr Dowd currently has various advisory positions with councils and groups, including the SA Minerals and Petroleum Expert Group (SAMPEG), and the University of Queensland - Sustainable Minerals Institute Board. Mr Dowd is Chairman of RESA (SA Resources & Engineering Skills Alliance) and is also Chairman of the CSIRO Minerals Resources Sector Advisory Council.	Non-executive Director of Phoenix Copper Limited since April 2012 (previously Managing Director from September 2008 to April 2012).	Non-executive Director of Macarthur Coal Limited from October 2011 to December 2011. Non-executive Director of Northgate Minerals Corporation from November 2008 to October 2011.	Chairman of the Sustainability Committee. Member of Nomination & Board Governance Committee.
Brian Jamieson Independent Non-executive Director Appointed on 27 August 2004 FCA	Mr Jamieson was Chief Executive of Minter Ellison Lawyers Melbourne from 2002 until he retired at the end of 2005. Prior to joining Minter Ellison, he was with KPMG for over 30 years holding the positions of Chief Executive, Managing Partner and Chairman of KPMG Melbourne from 2001 to 2002. He was also a KPMG Board Member in Australia and Asia Pacific and a member of the KPMG USA Management Committee. Mr Jamieson is a fellow of the Institute of Chartered Accountants in Australia. Further, Mr Jamieson is a Director and Treasurer of the Bionics Institute.	Chairman of Mesoblast Limited since November 2007. Chairman of Sigma Pharmaceuticals Limited since June 2010 and Non-executive Director since December 2005. Non-executive Director of Tatts Group Limited since May 2005.	Non-executive Director of Tigers Realm Coal Limited from February 2011 to May 2014.	Member of the Audit Committee. Member of the Sustainability Committee.
Charles Lenegan Independent Non-executive Director Appointed on 9 February 2010 BSc (Econ)	Mr Lenegan was a former Managing Director of Rio Tinto Australia. Mr Lenegan had a distinguished 27 year career with Rio Tinto where he held various senior management positions across a range of commodities and geographies. Mr Lenegan was formerly the Chairman of the Minerals Council of Australia and a former board member of the Business Council of Australia. Mr Lenegan is currently Chairman of Bis Industries Limited (non-ASX listed company).	None.	Chairman of Rey Resources Limited from November 2010 to November 2012. Non-executive Director of Turquoise Hill Resources from August 2012 to May 2014.	Chairman of the Audit Committee. Member of Nomination & Board Governance Committee.

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	OZ Minerals special responsibilities during the year
Current directors				
Rebecca McGrath Independent Non-executive Director Appointed on 9 November 2010 BTP (Hons), MA (Ap.Sc), FAICD	Ms McGrath was the former Chief Financial Officer and a member of BP's Executive Management Board for Australia and New Zealand. Ms McGrath was also the former Vice President Operations BP Australia and Pacific and General Manager, Group Marketing Performance BP Plc (London). She is a former Director of Big Sky Credit Union and in addition to her Bachelor and Master Degrees, she is a graduate of the Cambridge University Business and Environment program. Ms McGrath is also a member of the JP Morgan Advisory Council.	Non-executive Director of Incitec Pivot Limited since September 2011. Non-executive Director of CSR Limited since February 2012. Non-executive Director of Goodman Group since April 2012.	None.	Chairman of Human Resources & Remuneration Committee. Member of the Audit Committee.
Dean Pritchard Independent Non-executive Director Appointed on 20 June 2008 BE, FIE Aust, CP Eng, FAICD	Mr Pritchard has over 30 years of experience in the engineering and construction industry. He was previously Chairman of ICS Global Limited, a Director of RailCorp, Zinifex Limited and Eraring Energy and Chief Executive Officer of Baulderstone Hornibrook from 1991 to 1997.	Non-executive Director of Steel & Tube Holdings Limited (a New Zealand listed company) since May 2005. Non-executive Director of Transfield Services Limited since October 2013.	Non-executive Director of Spotless Group Limited from May 2007 to August 2012. Chairman of Steel Tube & Holdings Limited from May 2005 to October 2012. Non-executive Director of Arrium Limited (previously One Steel Limited) from October 2000 to November 2014.	Member of the Sustainability Committee. Member of the Human Resources & Remuneration Committee.
Former director				
Terry Burgess Managing Director and Chief Executive Officer Appointed on 1 August 2009 Ceased on 17 October 2014 BSc, FAusIMM, FIMM, ACMA, CEng	Mr Burgess joined OZ Minerals Limited as Managing Director and Chief Executive Officer ('MD&CEO') in August 2009. Prior to this, he was the Head of Business Development for AngloBase, the base metals business of Anglo American plc. Mr Burgess was formerly Global Head of Metals and Mining at ABN AMRO and Managing Director and CEO of Delta Gold and its successor AurionGold. Mr Burgess' earlier experience includes a number of senior mining management and operational roles in Australia, Africa and Europe. Mr Burgess is a member of the Economic Development Board of South Australia and is also a member of the SA Minerals and Petroleum Expert Group (SAMPEG).	None.	Non-executive Director of Magma Metals Limited from January 2009 to June 2012.	MD&CEO of OZ Minerals Limited until 17 October 2014.

Company secretary

Mr Paul Lynch Company Secretary (appointed 11 March 2014)

LLB, BCOM, AGIA

Mr Paul Lynch was appointed Company Secretary of OZ Minerals Limited on 11 March 2014. Mr Lynch was previously Legal Counsel and Assistant Company Secretary of the Company and has had 10 years' experience working in various legal and company secretarial roles. Mr Lynch's qualifications include a Bachelor of Laws, Bachelor of Commerce and a Graduate Diploma of Applied Corporate Governance. Mr Lynch is a practising lawyer and an Associate Member of the Governance Institute.

Ms Francesca Lee General Counsel and Company Secretary (resigned 28 March 2014)

BCom, LLB (Hons), LLM, Grad Dip CSP, AGIA

Ms Lee joined OZ Minerals as General Counsel and Company Secretary in June 2008 from Zinifex Limited ('Zinifex'). In 2014 she was a member of the OZ Minerals Limited Executive Committee. Before joining Zinifex she was Group Counsel at BHP Billiton Limited and also held a number of senior positions at Rio Tinto Limited including Corporate Counsel and General Manager Internal Audit and Risk Review, as well as Vice President of Structured Finance at Citibank Limited. She has been a member of the Board of Metropolitan Waste Management Group, a Victorian Statutory Authority, since its inception in 2006 and was appointed a member of the Australian Takeovers Panel in May 2009. Ms Lee resigned from OZ Minerals on 28 March 2014.

Attendance at meetings

The number of meetings of OZ Minerals Limited's Board of Directors and of each Board Committee held from the beginning of the financial year until 31 December 2014, and the number of meetings attended by each director is set out below.

	Board meetings		Board Committee meetings							
			Audit		Nomination and Board Governance		Human Resources and Remuneration		Sustainability	
	A	B	A	B	A	B	A	B	A	B
Neil Hamilton	9	9	2	0	2	2	5	5	0	0
Andrew Cole[C]	1	1	1	0	0	0	1	0	1	0
Terry Burgess[D]	7	7	5	0	0	0	4	0	3	0
Paul Dowd	9	9	5	0	2	2	3	0	4	4
Brian Jamieson	9	9	6	6	0	0	2	0	4	4
Charles Lenegan	9	9	6	6	2	2	3	0	1	0
Rebecca McGrath	9	9	6	6	0	0	5	5	0	0
Dean Pritchard	8	9	3	0	0	0	4	5	4	4

A Number of meetings attended. Note that directors may attend Committee meetings without being a member of that Committee.

B Number of meetings held during the time the director held office (in the case of Board meetings) or was a member of the relevant committee during the year.

C Andrew Cole was appointed on 3 December 2014.

D Terry Burgess ceased as MD&CEO on 17 October 2014.

Directors' interests

The relevant interests of each director in the ordinary shares of OZ Minerals Limited at the date of this report are set out below:

Director	Shares number
Neil Hamilton	39,500
Andrew Cole	10,000
Paul Dowd	10,800
Brian Jamieson	108,527
Charles Lenegan	20,750
Rebecca McGrath	5,750
Dean Pritchard	22,720
Total	218,047

Environmental regulation

OZ Minerals is subject to significant environmental regulation in respect of its activities in both Australia and overseas. In addition to the licensing and permit arrangements which apply to its overseas activities, the Consolidated Entity's Prominent Hill operations, Australian exploration activities and its concentrate shipping activities operate under various licences and permits under the laws of the Commonwealth, States and Territories.

Compliance with the Consolidated Entity's licenses and permits is monitored on a regular basis and in various forms, including environmental audits conducted by the Consolidated Entity, regulatory authorities and other third parties. A documented process is used by the Consolidated Entity to classify and report any exceedance of a licence condition or permit condition, as well as any incident reportable to the relevant authorities. As part of this process, all reportable environmental non-compliances and significant incidents are reviewed by the Executive Committee and the Sustainability Committee of the OZ Minerals Board of Directors. These incidents require a formal report to be prepared identifying the factors that contributed to the incident or non-compliance and the actions taken to prevent any reoccurrence.

During the year, OZ Minerals completed its sixth report under the *National Greenhouse and Energy Report Act 2009* ('NGERS'). Prior to the submission of the report, a comprehensive independent audit by Net Balance Management Group Pty Ltd was conducted on the processes that OZ Minerals has developed to meet the requirements of the NGERS Act. The audit provided assurance that the reported emissions, energy production and energy consumption were prepared in accordance with the NGERS Act. OZ Minerals continues to participate in the Australian Government's Energy Efficiency Opportunities program and has commenced its second five year cycle.

Insurance and indemnity

The Company's Constitution also allows the Company to provide an indemnity to officers of the Company, or its related bodies corporate in relation to liability incurred by an officer when acting in that capacity on behalf of the Company or a related body corporate.

The Consolidated Entity has granted indemnities under Deeds of Indemnity with each of its current and former Non-executive Directors and members of the Executive Committee, the Company Secretary, the General Counsel, the Group Treasurer and each employee who is a director or officer of a controlled entity of the Consolidated Entity, in conformity with Rule 10.2 of the OZ Minerals Limited Constitution.

Each Deed of Indemnity indemnifies the relevant director, officer or employee to the fullest extent permitted by law for liabilities incurred while acting as an officer of OZ Minerals, any of its related bodies corporate and any outside entity, where such an office is held at the request of the Company. The Consolidated Entity has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the Consolidated Entity.

Claims for payments of legal fees have been received from certain current and former directors and officers in relation to the class action proceedings that the Company is currently involved in. The Company is advancing monies in relation to these claims and, depending on the outcome of the proceedings, may recover all or some of those monies.

No indemnity has been granted to an auditor of the Consolidated Entity in their capacity as auditors of the Consolidated Entity.

Proceedings on behalf of the Consolidated Entity

At the date of this report there are no leave applications or proceedings brought on behalf of the Consolidated Entity under section 237 of the *Corporations Act 2001*.

Audit and non-audit services

KPMG continues in office in accordance with the *Corporations Act 2001*. A copy of the external Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 69 and forms part of the Directors' Report.

The Company, with the prior approval of the Audit Committee, may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity are important, and where these services do not impair the external auditor's independence.

Details of the amounts paid or payable to the external auditor (KPMG) and its network firms for audit and non-audit services provided during the year are set out below and in Note 28 of the Consolidated Financial Statements.

	2014 $
Audit services provided by KPMG	
Audit and review of financial reports and other audit work under the *Corporations Act 2001* including audit of subsidiary Financial Statements	
KPMG Australia	481,500
Overseas KPMG firms	29,253
Total fees for audit services provided by KPMG	510,753
Other non-audit services provided by KPMG Australia	
Taxation compliance and other taxation advisory services	193,446
Other assurance services	27,500
Total fees for other services provided by KPMG Australia	220,946
Total fees	731,699

The Audit Committee has, following the passing of a resolution by the Committee, provided the Board with written advice in relation to the provision of non-audit services by KPMG.

In accordance with the written advice received from the Audit Committee, the Board is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they did not impact the integrity and objectivity of the external auditor; and
- None of the services undermined the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for OZ Minerals Limited or its controlled entities, acting as advocate for the Company or jointly sharing economic risk and rewards.

Matters subsequent to the end of the financial year

Since the end of the financial year, the Board of Directors has resolved to not pay a final dividend in respect of the 2014 financial year.

In January 2015, the Company announced that it is undertaking a strategic review which is considering all aspects of the future business and strategy. The results of this review are expected to be announced in April 2015. A Board decision has been made as part of that review to relocate all corporate functions currently performed in Melbourne to its existing office located in Adelaide. The timing for this relocation will be during 2015. The Company will not maintain an office in Melbourne after this relocation.

In January 2015, an agreement was reached with the South Australian Government to work together to facilitate the development of copper projects in South Australia. The agreement includes partnering and investment in technical and infrastructure projects. The South Australian Government is contributing $10 million towards these activities.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, ('ASIC') relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the Class Order to the nearest million dollars to one decimal place, or in certain cases, to the nearest dollar. All amounts are in Australian dollars only, unless otherwise stated.

Operating and Financial Review

The Operating and Financial Review is set out on pages 34 to 46 and forms part of the Directors' Report.

Remuneration Report

The Remuneration Report which has been audited by KPMG is set out on pages 51 to 68 and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors.

Neil Hamilton

Chairman
Melbourne
11 February 2015

Andrew Cole

Managing Director and Chief Executive Officer
Melbourne
11 February 2015

OPERATING AND FINANCIAL REVIEW

Overview

OZ Minerals is an Australian-based modern mining company focused on copper.

OZ Minerals owns and operates the Prominent Hill copper-gold mine which comprises the Malu Open Pit, Ankata Underground and Malu Underground, and owns the Carrapateena copper-gold project.

Prominent Hill and Carrapateena are both located in the highly favourable mining jurisdiction of South Australia. The Prominent Hill mine is located 650 kilometres north-west of Adelaide and 130 kilometres south-east of Coober Pedy. Carrapateena is located 250 kilometres from Prominent Hill and 160 kilometres north of Port Augusta.

OZ Minerals' current business model is to generate shareholder value through the production and sale of copper concentrate along with the discovery and development of copper deposits. Prominent Hill produces a high-grade copper concentrate, containing copper, gold and silver, which is sold to customers in Asia, Australia and Europe.

On 31 December 2014, OZ Minerals' market capitalisation was $1.05 billion.

OZ Minerals employs a direct workforce of 370 people. The Prominent Hill mine has a workforce of approximately 1,300, including contractors.

OZ Minerals is actively embedding a strong safety culture underpinned by the Company's commitment to zero harm by choice.

As a modern mining company, OZ Minerals is committed to creating and sustaining a positive culture where diversity is both appreciated and expected. OZ Minerals believes that a workforce that includes both men and women and people of all generations and cultures adds to the success of its business. The Company has a strong sustainability focus and operates so its actions positively contribute to its people, its local communities and the environment.

On 17 October 2014, the Managing Director and CEO of OZ Minerals Terry Burgess, left the company as foreshadowed, having commenced in the role on 1 August 2009. On 3 December 2014 Andrew Cole commenced as the Managing Director and CEO of OZ Minerals.

Strategy

OZ Minerals' current strategy is based on delivering superior shareholder returns built upon a foundation of Governance and Zero Harm, with the following five elements: a focus on copper, maximising current assets, building a project pipeline, investing in exploration and exercising disciplined capital management. The strategy has been reviewed regularly, both at management and Board level, taking into account changes in market conditions and outlook and the activities of the Company. The key pillars of the strategy have remained largely unchanged since the strategy was first presented in 2009, although some detail adjustments in terms of scale and geographic focus were made in the subsequent years.

Following the appointment as Managing Director and CEO of Andrew Cole in 2014, OZ Minerals announced in January 2015 several key changes to meet the challenges of a changing resources sector and to position the Company for further growth.

This included the announcement that OZ Minerals is conducting a whole of business strategic review. The review encompasses optimising costs, reviewing the organisational structure to ensure it is appropriate for the Company, examining opportunities for a sustainable long-term business and working to continuously improve safety performance.

The strategic review is to be completed by April 2015. Throughout the process any significant changes resulting from the review will be disclosed as they are determined and approved. Until such time as the review is complete the business will continue to be run under the existing strategy.

Two early decisions have been made and announced as part of this strategic review.

On 11 February 2015, the Company announced a number of initiatives towards leveraging greater value from its collection of assets in South Australia. These initiatives include a pre-feasibility study of rail infrastructure to transport ore to be produced at Carrapateena to Prominent Hill for processing into concentrate and secondly, conduct of a demonstration plant for a hydrometallurgical process that, based on pilot plant results, can significantly upgrade copper concentrate, improving its value and reducing costs.

Associated with these initiatives, which have the potential to significantly enhance the value of the Carrapateena project, the Company has decided to suspend the process currently underway to identify partners for that project until these studies are complete. Also, following successful exploration at both Khamsin and Fremantle Doctor which has established the prospectivity of the Carrapateena district, the Company will suspend further exploration at Fremantle Doctor.

On 28 January 2015, the Company announced a decision to reduce the size of the corporate office, to restructure the corporate functions and to move the location of the corporate office from Melbourne to Adelaide.

Associated with both of these announcements, an agreement has also been reached with the South Australian Government to work together to facilitate the development of copper projects in South Australia – a key economic imperative for the South Australian Government. The agreement includes partnering and investment in both technical and infrastructure projects announced in more detail on 11 February 2015.

These changes do not alter the Company's strategy of actively seeking growth options in other locations around the world.

Overview of operations

Safety performance

The safety, health and wellbeing of OZ Minerals' employees and contractors is a core value of the Company's culture.

The total recordable injury frequency rate (TRIFR) per million hours worked increased to 8.18 during 2014 (full year 2013: 7.69) after a strong downward trend in previous years. OZ Minerals continues to focus on improving the health and safety of its workforce. The lost time injury frequency rate (LTIFR) per million hours worked also increased to 2.46 from 1.20[1] in 2013. There were no permanent or serious disabling injuries in 2014.

A significant focus is placed on identifying and analysing incidents that had potential for more serious consequences to determine why incidents occur and to put in place measures to reduce the likelihood of incidents reoccurring.

OZ Minerals is actively building a shared safety culture between employees and contractors working on our sites. Prominent Hill progressed the behavioural based safety program, refreshed as the MATES program in 2014, and the Culture Development Program as part of creating and sustaining a safety culture that supports OZ Minerals' workforce and in turn creates a safer operation.

OZ Minerals' safety strategy is based on the Company's commitment to achieving Zero Harm by Choice. This commitment is supported by the Company's core values – respect, integrity, action and results – which underpin the behaviour of all OZ Minerals' employees and contractors.

As part of the strategic business review, described above, a working group of senior managers is reviewing the Company's safety performance in detail and identifying opportunities to improve safe working practices at every level of the business to achieve a significant improvement in future safety performance.

Prominent Hill

Production

Production from Prominent Hill for 2014 exceeded guidance for both copper and gold with strong operating performance in the Open Pit and the underground mines. Production for 2014 was 92,615 tonnes of copper and 148,192 ounces of gold (2014 guidance 85,000 – 90,000 tonnes of copper and 130,000-140,000 ounces of gold).

Operations in the Malu Open Pit realised significant productivity improvements in 2014 and these contributed to the whole operation returning to the 100,000 tonnes per annum copper production 'run rate' by the end of the third quarter of the year.

Malu Open Pit

Significant productivity improvements implemented in the Open Pit over 2014 saw strong material movement of 82.3 million tonnes, delivering a strip ratio of 4.7:1 for the year.

The range of productivity improvement measures included optimised operating spaces, adjusted ramp gradients, changes in flitch and bench heights, and upgrades to the automated fleet dispatch system.

Ankata Underground

Mining operations in the Ankata Underground mine maintained consistent performance with 1.2 million tonnes of ore at 2.0 percent copper delivered for the year.

Malu Underground

First production from the new Malu Underground operation was achieved on schedule in October with 4,307 tonnes of copper metal produced from early stopes by year-end.

The Malu Underground operation will continue its commissioning phase with concurrent level development and mining before achieving the average life of mine run rate of 1.6 million tonnes per annum in the fourth quarter.

Processing

The processing plant at Prominent Hill continued to perform at a high level and deliver throughput well in excess of the 8.0 million tonne per annum nameplate capacity of the plant. In 2014, 9.9 million tonnes of ore were processed. Recoveries for the year remained very high at 89.9 percent.

1 The lost time injury frequency rate for 2013 has been restated (from 0.96) following a reclassification of an incident occurring in November 2013.

The concentrate grade remained high at 52 percent for the year. Prominent Hill concentrate is one of the highest grade copper concentrates traded on the open market.

Carrapateena

Carrapateena is an iron-oxide copper-gold deposit in the advanced exploration project stage. Of a similar style to Prominent Hill and Olympic Dam, Carrapateena is located in a highly favourable mining jurisdiction.

In 2014, the Pre-Feasibility Study for Carrapateena was completed, demonstrating the project's financial and technical viability and the potential for a multi-decade mine life.

As noted in the Strategy section, a number of initiatives are underway that could add significant value to the already attractive underlying project. The Strategic Review will identify a pathway for Carrapateena and satellite deposits which will be aimed at maximising shareholder value.

During 2014, significant regional exploration was undertaken at the Khamsin and Fremantle Doctor prospects, located ten kilometres and two kilometres respectively from Carrapateena.

On 26 May 2014 an initial Mineral Resource estimate as at 23 March 2014 was released for Khamsin. The initial Mineral Resource estimate is 202Mt at 0.6% copper, 0.1g/t gold, released on 26 May 2014[2].

With the discovery of the Khamsin resource and some very significant early intersections at Fremantle Doctor, the high prospectivity of the Carrapateena district to host further economic copper deposits is now well established. Therefore the exploration program around Carrapateena will be suspended upon completion of the current three drill hole program.

Exploration

In Jamaica, at the Bellas Gate project, a drill program targeting copper-gold porphyry-style systems was initiated. At the Connors prospect, drilling has intersected altered and veined copper mineralised lithologies at relatively shallow depths. Drilling has also commenced at a second prospect.

[2] The information in this report that relates to the Khamsin Mineral Resource as at 23 March 2014 is extracted from the report entitled "Khamsin Mineral Resources Statement as at 23 March 2014" which was released to the market on 26 May 2014 and is available to view on www.ozminerals.com/operations/resources--reserves.html. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Review of consolidated financial results and operations[3]

	Prominent Hill operations 2014 $m	Other activities 2014 $m	Total 2014 $m	Total 2013 $m
Revenue from sale of metal in concentrate				
Copper	614.5	–	614.5	481.6
Gold	203.7	–	203.7	151.8
Silver	12.8	–	12.8	10.6
Total revenue	**831.0**	–	**831.0**	**644.0**
Net foreign exchange gains	9.1	10.2	19.3	40.9
Cost of goods sold including employee benefit expenses				
Changes in inventories of ore and concentrate	78.7	–	78.7	25.0
Consumables and other direct costs	(353.4)	–	(353.4)	(343.5)
Employee benefit expenses	(49.2)	(20.0)	(69.2)	(78.5)
Freight expenses	(45.6)	–	(45.6)	(40.3)
Royalties expense	(23.5)	–	(23.5)	(9.5)
Inter-segment (expense)/income	(12.8)	12.8	–	–
Total cost of goods sold	(405.8)	(7.2)	(413.0)	(446.8)
Share of net loss of investment in Toro	–	(1.5)	(1.5)	(1.3)
Exploration and evaluation expenses	–	(55.1)	(55.1)	(74.5)
Other expenses	(12.9)	(26.7)	(39.6)	(46.5)
Underlying EBITDA	**421.4**	**(80.3)**	**341.1**	**115.8**
Depreciation and amortisation expenses	(292.7)	(3.4)	(296.1)	(218.5)
Underlying EBIT	**128.7**	**(83.7)**	**45.0**	**(102.7)**
Net financing (expense)/income	(1.2)	4.8	3.6	7.0
Income tax (expense)/benefit on underlying profit/(loss) before tax			(18.3)	33.2
Underlying NPAT			**30.3**	**(62.5)**
Non underlying items net of tax			18.2	(231.9)
NPAT			**48.5**	**(294.4)**

Income statement

The group recorded net profit after tax of $48.5 million compared to the net loss after tax of $294.4 million in the prior year. The underlying net profit after tax for the year was $30.3 million compared to the underlying net loss after tax of $62.5 million for the prior year. Strong copper and gold production during the year along with sustained lower costs achieved in the Malu Open Pit as a result of improvements made at the Prominent Hill operation contributed to the strong result in 2014.

[3] OZ Minerals financial results are reported under International Financial Reporting Standards ('IFRS'). This Annual Report and Results for Announcement to the Market include certain non-IFRS measures including Underlying EBITDA, Underlying EBIT, Underlying EBT and Underlying NPAT. These measures are presented to enable understanding of the underlying performance of the Consolidated Entity without the impact of non-trading items such as write-down of assets and results from discontinued operations. Non-IFRS measures have not been subject to audit or review. Underlying EBITDA, Underlying EBIT, Underlying EBT and Underlying NPAT are included in Note 3 Operating Segments, which form part of the Consolidated Financial Statements. Refer Note 3 Operating Segments to the Consolidated Financial Statements for further details.

Variance analysis – Underlying NPAT 2013 vs 2014

	$m	$m
Underlying loss for the year ended 31 December 2013		(62.5)
Changes in revenues:		
Volume – sales		
Copper	177.9	
Gold	49.0	
Silver	3.1	230.0
A$ price		
Copper	(16.6)	
Gold	3.8	
Silver	(0.8)	(13.6)
Adjustment for Malu Underground pre-production ore	(9.4)	
Treatment and refining charges	(20.0)	
Royalties	(14.0)	(43.4)
Changes in mine costs:		
Mine production costs	87.7	
Deferred waste and inventory adjustment	(27.9)	
Depreciation	(77.6)	(17.8)
Other costs:		
Corporate	(2.5)	
Exploration	19.4	
Foreign exchange gain on cash and debtor balances	(21.6)	
Other	(2.8)	(7.5)
Tax, net interest and dividends		(54.9)
Underlying profit for the year ended 31 December 2014		30.3

Revenue

Revenue from sale of concentrates of $831.0 million for the year was $187.0 million or 29 percent higher than in the prior year. In December 2014, an adjustment of $9.4 million was made for revenue received from the sale of concentrate derived from processing ore from development activities at the Malu Underground mine. As detailed in Table 1, higher revenue in 2014 was mainly due to higher sales volumes $230.0 million. The average A$ copper price for the year was unchanged compared to the prior year although revaluation of provisionally priced copper sold resulted in a reduction in revenue of $16.6 million. Average A$ gold price was four percent lower compared to the prior year although revaluation of provisionally priced gold sold resulted in an increase in revenue of $3.8 million.

Contained copper metal in concentrate sold was 35 percent higher and contained gold was 32 percent higher than in 2013. The significant increase was the result of Prominent Hill operations returning to a production run rate of 100,000 tonnes per annum copper production by the end of the third quarter of the year. The average Australian dollar to US dollar exchange rate of 0.9020 in 2014 was seven percent lower than the average of 0.9674 in 2013. Therefore, while the average US$ copper price of US$3.11 per pound and average US$ gold price of US$1,266 per ounce were six percent and ten percent lower respectively, the average A$ copper price remained unchanged and the average A$ gold price was only four percent lower compared to 2013.

Net foreign exchange gains

The depreciation of the Australian dollar during the year, resulted in a net foreign exchange gain of $19.3 million on US dollar cash and debtor balances during the year.

Prominent Hill cost of sales including depreciation

Table 2: Prominent Hill cost of sales including depreciation

	2014 $m	2013 $m	Change $m
Employee costs	49.2	59.3	(10.1)
Direct mining costs	391.5	453.4	(61.9)
Utilities and fuel	96.1	108.7	(12.6)
Operating consumables	77.1	79.5	(2.4)
Maintenance and other input costs	33.6	34.3	(0.7)
Production costs	**647.5**	**735.2**	**(87.7)**
Royalties	23.5	9.5	14.0
Concentrate purchased for blending	9.5	0.0	9.5
Total cash costs	**680.5**	**744.7**	**(64.2)**
Deferred mining costs	(196.0)	(277.6)	81.6
Finished goods and ore inventory movement	(78.7)	(25.0)	(53.7)
Cost of goods sold before depreciation	**405.8**	**442.1**	**(36.3)**
Depreciation	292.7	215.3	77.4
Cost of goods sold	**698.5**	**657.4**	**41.1**

Direct mining costs were lower by $61.9 million in 2014 following the reduction in waste movement operations in the Open Pit and sustained benefits from improvements in mining efficiencies resulting in lower unit cost. Open Pit mining unit costs of $5.17 per tonne in 2014 compared favourably to $5.69 per tonne in 2013. Open Pit unit costs in 2013 were adversely affected by a slip in the overburden material at the top of the south wall.

The Ankata Underground mine continues to deliver at design production levels and produced 1.2Mt of high grade ore in 2014 at a cost of $45.0 per tonne compared to $54.0 per tonne in 2013.

Employee costs reduced by $10.1 million in 2014 due to a full year benefit of savings from the reduction in employees in 2013.

Utilities and fuel costs were lower, mainly because of lower consumption of diesel due to the lower volume of Open Pit material moved, more efficient mining practices and a reduction in equipment.

The royalty rate of 1.5 percent of revenue for the initial five years of a new mine in South Australia increased to five percent from August 2014. This resulted in the increase to royalty expense exceeding the proportionate increase in sales revenue compared to the prior year.

Planning for deeper ore mining, OZ Minerals successfully conducted blending trials, mixing Prominent Hill concentrate with concentrate purchased from a third party and on-selling the blend, proving the viability of this option. OZ Minerals was also successful in further expanding its customer base during the year.

Passing of peak waste removal activity in the Open Pit and consequently lower strip ratio compared to prior year resulted in a lower deferral of mining costs to the balance sheet of $196.0 million as a deferred mining asset compared to $277.6 million deferred to the balance sheet in the comparative year. The waste to ore strip ratio for the year of 4.7:1 resulted in costs of moving 37.7Mt tonnes of waste to be deferred in 2014. The strip ratio was a reduction from the prior year's ratio of 9.5:1.

Finished goods and ore inventory movement of $78.7 million for the year ended 31 December 2014 was primarily a result of an increase in ore stocks by 5.1Mt at year end compared to the comparative year.

Depreciation expense increased by $77.4 million in 2014 due to the higher asset balance as a result of the deferred stripping asset and increased ore mined.

Exploration and evaluation expenses

Exploration and evaluation expense for the year of $55.1 million was predominantly related to the exploration and prefeasibility studies activities at Carrapateena.

Corporate expenses

Corporate activities comprise those in direct support of operating activities and those related to largely corporate activities. Support activities cover a range of services and costs provided at the corporate level to achieve efficiencies that relate to Prominent Hill, Carrapateena and exploration activities and include sales and marketing, strategic sourcing, business services, information technology and insurance. These site support costs, including insurance premiums for policies largely in relation to mining operations, totalled $20.1 million in 2014. Corporate activities incurred costs of $26.8 million in 2014.

Total corporate costs increased by $2.5 million compared to 2013, mainly due to legal costs relating to the class action (refer Note 25 to the Consolidated Financial Statements).

Underlying EBITDA

Underlying EBITDA of $341.1 million for the year is higher than the underlying EBITDA of $115.8 million for the comparative year mainly due to the increase in production and revenue as well as lower operating costs as noted above.

Net financing income

Net financing income for the year was $3.6 million, comprising interest income of $4.3 million earned on cash deposits, which has decreased by $8.1 million compared to 2013 as a result of lower average cash holdings during the year. During the year, OZ Minerals received $3.0 million of dividend income on the investment in equity securities of Sandfire. The current year interest and dividend income has been partially offset by bank charges on undrawn debt facilities of $2.5 million, and the unwinding of the net present value discount on the provision for mine rehabilitation of $1.2 million.

Income tax expense

Income tax expense on the underlying profit for the year ended 31 December 2014 year was $18.3 million resulting in an effective tax expense of 38 percent. This is higher than the Australian company tax rate of 30 percent, mainly due to non-deductible overseas expenditure of $9.4 million.

During the year OZ Minerals received an invitation to make a submission on corporate taxes in Australia from the Senate Economics References Committee on corporate tax avoidance and minimisation. In response a submission was lodged after the end of the financial year 2014.

Non underlying items, net of tax

	2014 $m	2013 $m
Gain on revaluation of investment to fair value upon discontinuation of equity method – Note 11	8.7	–
Exchange gain on de-recognition of foreign currency translation reserve – Note 20	2.6	–
Profit from discontinued operation – Note 7	6.9	–
Write-down of assets	–	(231.9)
Non underlying items net of tax	**18.2**	**(231.9)**

In December 2014 following the reduction in OZ Minerals' shareholding in Toro, the accounting for investment in Toro was changed and a transitional revaluation adjustment of $8.7 million was recognised. Further details are provided in Note 11 to the Consolidated Financial Statements. Following the disposal of the investment in Emed Mining Public Limited ('EMED'), a gain on de-recognition of foreign currency translation reserve of $2.6 million was recognised during the year. The profit from discontinued operation net of tax of $6.9 million represents a non-underlying adjustment for income tax for prior years in relation to a discontinued operation.

Cash flow overview

	2014 $m	2013 $m	Change $m
Net cash inflows from operating activities	221.5	179.1	42.4
Net cash outflows from investing activities	(310.5)	(388.8)	78.3
Net cash outflows from financing activities	(60.9)	(91.0)	30.1
Net decrease in cash held	**(149.9)**	**(300.7)**	**150.8**
Effects of exchange rate	4.4	5.7	(1.3)
Cash and cash equivalents at the end of the year	**218.5**	**364.0**	**145.5**

Operating activities

	2014 $m	2013 $m	Change $m
Receipts from customers	827.5	686.6	140.9
Payments to suppliers and employees	(553.5)	(448.3)	(105.2)
Payments for exploration and evaluation	(55.1)	(74.5)	19.4
Income taxes refund/(paid)	0.8	6.5	(5.7)
Financing costs and interest paid	(2.5)	(3.6)	1.1
Interest received	4.3	12.4	(8.1)
Net cash inflows from operating activities	**221.5**	**179.1**	**42.4**

The increase of $42.4 million in operating cash flow for the year ended 31 December 2014 was mainly driven by:

- Increase of $140.9 million in receipts from customers due to 35 percent higher copper volume and 32 percent higher gold volume sold.
- Increase of $105.2 million in payments to suppliers and employees, due to
  - reduction in trade and other payables
  - classification of a larger proportion of mining costs as operating activity in the current year as a consequence of the lower waste stripping ratio in 2014. In the prior year the higher stripping ratio resulted in a larger portion of these costs being treated as deferred waste and so were classified as investing activity.
- Reduction of $19.4 million in cash outflow on exploration due to reduced activity.
- Lower interest income due to lower average cash balances during the year compared to the prior year.

Investing activities

	2014 $m	2013 $m	Change $m
Payments for property, plant and equipment			
Development			
Deferred stripping	(196.0)	(277.6)	81.6
Malu Underground development	(62.6)	(38.1)	(24.5)
Carrapateena	(3.6)	(7.6)	4.0
Net proceeds from sale of pre-commissioning ore from Malu Underground	7.9	–	7.9
Sustaining			
Ankata Underground	(41.4)	(62.4)	21.0
Malu Open Pit	(22.3)	(5.6)	(16.7)
Other	–	(1.0)	1.0
Proceeds from disposal of assets and dividends	7.5	3.5	4.0
Net cash outflows from investing activities	(310.5)	(388.8)	78.3

Investing cash flows primarily represent payments for property, plant and equipment.

The decrease of $78.3 million was mainly driven by:

- Deferred waste stripping costs of $196.0 million.
- Mine development costs of the Malu Underground operation of $62.6 million.
- Sustaining capital expenditure of:
  - $41.4 million associated with development of Ankata which has been at full production levels for all of 2014 and
  - $22.3 million associated with the Malu Open Pit and Prominent Hill operations.
- During the year, net proceeds from sale of pre-commissioning ore from Malu Underground of $7.9 million offset the capitalised development costs of the Malu underground mine. This treatment will be adopted until commissioning of the underground mine.

Financing activities

Cash flows relating to financing activities were an outflow of $60.9 million, compared to an outflow of $91.0 million in the comparative year. The decrease in the outflow is due to the lower dividend payments during the year. For more details refer to dividend section below.

Other matters

Dividend

Dividends of $60.6 million were paid during the year, comprising $30.3 million in respect of the financial year 2013 and $30.3 million in September 2014. Since the end of the financial year, the Board of Directors has resolved to not pay a final dividend in respect of the 2014 financial year.

Balance sheet

Net assets and total equity decreased by $78.8 million during the year to $2,249.1 million, mainly due to dividends of $60.6 million and the reduced value of $57.1 million of the investment in Sandfire offset by the current year profit of $48.5 million.

Cash and cash equivalents

Cash and cash equivalents at 31 December 2014 of $218.5 million reduced by $145.5 million compared to the year-end balance of 2013. The movement in the cash balance was mainly due to dividend payments of $60.6 million, payments for property, plant and equipment of $325.9 million including capitalised deferred mining costs, offset by net cash flows from operating activities of $221.5 million.

Inventories

The increase in the inventories balance of $80.6 million compared to 2013 was a result of an increase in inventories on hand of $137.7 million, offset by the net realisable value write down of $57.1 million of low grade gold ore stockpiles.

Investments in equity securities

In the current year, OZ Minerals' sold its equity investments in EMED for $3.3 million. OZ Minerals' investment in Toro of $34.3 million was reclassified from being an equity accounted investment to being an investment in equity securities during the year and a transitional fair value adjustment of $8.7 million was recognised in the income statement. The net reduction of $37.6 million in investments in equity securities after the above adjustments was reflective of the equity markets in 2014, particularly in the resources sector. The value of the investment in Sandfire reduced from $193.3 million at 31 December 2013 to $136.2 million at 31 December 2014, due to a reduction in the share price of Sandfire from $6.46 at the end of 2013 to $4.55 at the end of 2014. Refer Note 12 to the Consolidated Financial Statements for details on investments in equity securities.

Lease receivable

Lease receivable of $42.2 million at 31 December 2014 reduced by $8.0 million following the amortisation of the lease receivable during the year. The consideration paid in 2012 to acquire mining equipment recognised as a lease receivable will be recovered by OZ Minerals progressively over the mining services contract with Thiess through a reduced mining services charge.

Property, plant and equipment

Additions to property, plant and equipment in 2014 included deferred Malu Open Pit waste mining costs of $196.0 million, capitalisation of Ankata Underground mining expenditure of $41.4 million, capitalisation of Malu Underground development costs of $62.6 million and sustaining capital expenditure at Prominent Hill of $22.3 million.

Debt facility

OZ Minerals holds a US$200 million bank debt facility which expires in 2016. The debt facility was undrawn throughout 2014.

Outlook

As discussed above, OZ Minerals is currently undertaking a strategic review of its business. This is due to be completed by April 2015. While altered outcomes for the business may result from this review, until the review is complete and findings announced, it should be assumed that the business will continue on recent trends from the fourth quarter of 2014.

Specifically, with respect to Prominent Hill, the fourth quarter production run-rate should be assumed. Formal guidance will be issued no later than the March Quarterly report issued in April.

Development and commissioning of the Malu Underground mine will continue, with capital expenditure for 2015 planned at approximately $81 million with a further $14 million to be spent in 2016.

As noted in the Strategy section, the Company announced on 11 February that it will be undertaking a pre-feasibility study of rail infrastructure to transport ore from Carrapateena to Prominent Hill for processing, after promising results were demonstrated in a scoping study of this concept in 2014.

The Company also announced on 11 February 2015 that it would be conducting a demonstration plant trial to further test a hydrometallurgical process. The process, which has been successful at pilot plant scale, upgrades copper and significantly reduces uranium in concentrate, producing a highly attractive end product. OZ Minerals plans to spend $18 million on this test work in 2015.

Exploration at Fremantle Doctor, near Carrapateena is being suspended for the remainder of 2015 on completion of current holes being drilled.

OZ Minerals continues to identify and evaluate value accretive growth opportunities.

Growth

First production from the new Malu Underground mine was achieved on schedule in October 2014. The mine will continue its commissioning phase with concurrent level development and mining progressing to achieve the average life of mine run rate of 1.6 million tonnes per annum in the fourth quarter of 2015. The total construction capital expenditure for this phase of the development of the mine, including expenditure incurred up until 31 December 2014 but not including potential sales of concentrate made from pre-production ore is expected to be $200 million.

Subject to the outcomes of the Strategic Review currently underway, the Company will continue to apply its disciplined approach in seeking to identify and purchase value accretive copper assets in low risk jurisdictions.

Risks

The Company's annual budget and related production and operations outcomes are subject to a range of assumptions and expectations all of which contain a level of uncertainty and therefore risk. The Company adopts a risk management framework in order to identify, analyse, treat and monitor the risks applicable to the Company. The risks are formally reported and discussed with the Company's Executive Committee on a quarterly basis and with the Board twice a year. Risks are analysed and reported on using risk registers which are common to all areas of the business and are centrally consolidated.

Detailed below are risks areas that have been identified as at the date of the Directors Report which may affect the Company's future operating and financial performance and the Company's approach to managing them.

Business risks

Single operating asset

The Company currently has a single operating asset, the Prominent Hill mine in South Australia. The Prominent Hill operation currently provides the Company with the majority of its income. The operation consists of an open pit mine, underground mines, processing plant and village accommodation facilities. Concentrate is transported using road and rail to the Port of Adelaide and other Australian destinations. While development of the underground mines has mitigated previous sole dependence on the Open Pit, should any of these elements be subject to failure or disruption, the Company's expected financial result may be significantly impacted.

Execution of the Company's strategy

The Company has a stated strategy of seeking to identify and purchase value accretive copper assets in low risk jurisdictions. While the mine life at Prominent Hill has been recently extended, the Carrapateena exploration asset purchased, and the Company's balance sheet is debt free, there is no guarantee that the Carrapateena exploration asset will be developed or that a value accretive transaction can be procured or implemented. OZ Minerals competes with other entities for deposits. The continuing expected long-term shortages in copper supplies results in significant competition for assets which meet OZ Minerals' strategic goals. OZ Minerals evaluates each opportunity with due care and relies on expert opinion, both internal and external, where necessary. The primary focus is that any potential transaction will be value accretive to the Company's shareholders.

Operational risks

Increases in costs could result in diminished financial performance

The production and capital costs incurred by OZ Minerals are subject to a variety of factors including and not limited to: fluctuations in input costs determined by global markets, for example, fuel and other key consumables; changes in economic conditions which impact on margins required by contracting partners; and changes in mining assumptions such as ore grades and pit designs. Significant increases in these costs or movements in a combination of these elements could have a material adverse effect on the financial performance of the Company.

Reliance on contractors

Many aspects of the Prominent Hill operations and the Company's exploration and development activities are conducted by contractors. The Company's operational and financial results are impacted by the performance of these contractors, the input costs charged, and the associated risks relating to these contractors, many of which are outside the control of the Company.

Geotechnical failure within mining operations areas and adverse weather conditions

The Prominent Hill site operates both open pit and underground mining operations. Both operations remain subject to geotechnical uncertainty and adverse weather conditions which may manifest in a pit wall failure or rock falls, mine collapse, cave-ins or other failures to mine infrastructure and reduced productivity. The depth of the Open Pit will increase until mining ceases in 2018 and the commissioning of Malu Underground will result in increased underground mining activities. The Company continuously monitors open pit and underground geotechnical structures to ensure the safety of personal working in the affected areas and where possible activities are undertaken to reduce the risk of geotechnical failure. Geotechnical failures which impact on either current or future mining zones may result in diminished operational performance and may require significant investment to remediate the failed areas if they occur.

Estimates of reserves and resources

The assessment of reserves and resources involve areas of estimation and judgement. Although the reserve and resource estimates and mine plans have been carefully prepared by the Company and in some instances independently verified by independent mining experts or experienced mining operators, these amounts are only estimates and involve matters of judgment and no assurance can be given that any particular level of recovery of minerals from the reserves will in fact be realised or that an identified resource will ever qualify as a commercially mineable (or viable) deposit that can be economically exploited. The Company reviews and publishes its reserves and resources annually. The estimation of the Company's reserves and resources involves analysis of drilling results, associated geological and geotechnical interpretations, operating cost and business assumptions and a reliance on commodity price and exchange rate assumptions. The Company's production plan is based on the Reserves and Resources at Prominent Hill and changes to the Reserves and Resources caused by changes to underlying assumptions may impact on the future financial and operational performance of the Company, or the economic viability of the Malu Underground project.

Sales of copper concentrates

OZ Minerals' revenue is derived from the sale of copper concentrates and therefore any disruption to the production, transportation, export, import or sale of the product will directly impact the revenue and hence the earnings of the Company.

The marketability of the concentrates is dependent on mine supply, smelter demand and quality of the product. Prominent Hill concentrate has a high copper grade containing gold and silver credits and fluorine and uranium impurities. There is a range of controls in place at Prominent Hill to minimise the fluorine and uranium impurities to be as low as reasonably achievable.

As mining at Prominent Hill progresses deeper in the pit and underground, the proportion of the uranium in the ore is expected to increase and there are various alternatives that are being considered to minimise this impact on potential concentrates sales including ore blending, concentrates blending , (where appropriate, with third party concentrates), and additional flotation treatment in the existing plant. Some of these measures have been successfully trialled and implemented as noted in this Report. Other metallurgical options are also being considered in a broader context, as noted in this Report.

There are regulatory limits for these impurities which vary across different jurisdictions. In some jurisdictions, there are limits tested by assay or physical measure of these and associated impurities, which without exemption can impede the importation of the concentrate.

It is possible that regulators in various jurisdictions may change these limits, apply a more stringent approach to guidelines, impose additional requirements/measurements, or introduce requirements/measurements not previously applied.

These changes may result in additional requirements related to the ore, tailings or concentrates or result in difficulty in selling, transporting or importing Prominent Hill concentrates in various jurisdictions which would affect the Company's financial performance.

Financial risks

Significant reduction in realised prices for copper, gold or silver production

The prices received for the commodities which the Company sells (copper, gold and silver) are dictated by global commodity markets over which OZ Minerals has no influence. The Company takes no active steps to hedge or 'take a view' on commodity prices and as such changes in prices will have a direct impact on the Company's financial performance.

Significant changes in the Australian/US dollar exchange rate

The Company's functional currency is the Australian dollar which reflects the majority of its cost base. Revenues from concentrate sales are denominated in US dollars which are then converted to Australian dollars for reporting purposes. The Company also physically converts US dollars into Australian dollars to meet its cost obligations. The Company does not 'take a view' on the level of the Australian dollar or take active steps to hedge the currency. As such changes in the Australian dollar exchange rate will result in a fluctuation in value of Australian dollars upon conversion which will affect the Company's financial position.

Sustainability and personnel

Injury or harm to people and property while performing work relating to OZ Minerals operations

OZ Minerals undertakes operations in areas which may pose a safety risk, including but not limited to areas such as handling explosives, underground operations subject to rock fall, confined spaces, areas where heavy and light vehicles interact, manual handling and operating at height. The occurrence of significant safety incidents could result in regulatory investigations or restrictions which may delay production and have a significant negative impact on the morale of the workforce.

Breach of environmental regulations

The Company operates under a range of environmental regulation and guidelines. The cost of this obligation is provided for in the Company's accounts. Environmental regulations and occupational health and safety guidelines for certain products and by-products produced or to be produced are generally becoming more onerous. Increased environmental regulation of the Company's products and activities or any changes to the environmental and occupational health and safety regulations could have an adverse effect on the Company's financial condition and results of operations. The Company is required to close its operations and rehabilitate the land affected by the operation at the conclusion of mining and processing activities. Although estimates of these costs are reflected as provisions in the financial statements the actual closure costs may be higher than estimated.

Retention of skills and knowledge

The employees and contractors of the Company have skill sets and specific knowledge of the company's operations. The company views its personnel as a significant resource. The company identifies critical and high potential individuals. The company invests in its employees and contractors though ensuring that compensations measures reflect their individual skills and contribution to the company. The company invests in training to ensure that its employees and contractors are provided with the most up to date information in order to execute their roles. The loss of significant numbers of employees in a unplanned or external event could result in negative outcomes for the company.

Maintenance of community relations and good title

The Company works closely with local communities affected by mining or exploration activities, particularly the indigenous communities in South Australia. The Company has access and compensation agreements in place with those communities affected by mining activities and these arrangements are revised and updated from time to time.

The Prominent Hill mine is located within the 'green zone' of the Woomera Prohibited Area and the Company has entered into a Deed of Access with the Commonwealth of Australia that governs the terms of access. The Company has controls in place to ensure compliance with the Deed and relies on good relations with the Australian Defence Department regarding defence operations in the Woomera region and any potential impact that these operations may have on mining operations.

The Company also relies on the maintenance of good title over the authorisations, permits and licences which allow it to operate. Loss of good title or access due to challenges instituted by issuers of authorisations, permits or licences, such as government authorities or land owners may result in disruptions to operations.

Competent person statements

Disclaimer

This report sets out the information on the business strategies and prospects for future financial years and refers to likely developments in OZ Minerals' operations and the expected results of the operations in future financial years. Information in this report is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the consolidated entity. Detail that could give rise to likely material detriment to OZ Minerals, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included. Other than the information set out in this report, information about other likely developments in OZ Minerals' operations and the expected results of these operations in future financial years has not been included.

REMUNERATION OVERVIEW

This general overview is unaudited and should be read in conjunction with the attached Remuneration Report. Its purpose is to provide an executive summary of the Company's remuneration arrangements during the year.

The Company's remuneration arrangements have been designed to maintain alignment with the shareholders' interests (both short term and long term) and to ensure remuneration remains competitive. This is to enable the Company to retain and attract talented people vital to delivering a sustainable and prosperous future, and thereby achieve its strategic objectives and maximise shareholder value. The Company's remuneration policy and structure for its senior executives who are key management personnel ('Executive KMP') is largely unchanged from the previous year and comprises two main components:

- **a fixed component** (referred to as Total Fixed Remuneration or 'TFR') which is the total base salary and, for Australian employees, includes compulsory employer superannuation contributions which will be paid by the Company up to the legislated maximum contribution base for KMP; and
- **a variable 'at risk' component** which is performance based and comprises a cash Short Term Incentive ('STI') plan that is linked to both the performance of the Company and individual performance, and an Executive Long Term Incentive ('LTI') plan under which executives, at the discretion of the Board, are offered performance rights which vest if the Company achieves certain hurdles over a three year period linked to Total Shareholder Return ('TSR') against a comparator group of companies.

Changes during 2014

There was no substantial change in the Company's remuneration policy from the previous year, however there were senior executive changes during 2014, including the appointment of a new Managing Director and Chief Executive Officer ('MD&CEO'), with Mr Andrew Cole succeeding Mr Terry Burgess on 3 December 2014. The main changes during 2014 are outlined below:

MD&CEO remuneration

In 2014, the Board again determined not to grant an increase to Mr Burgess' 2014 TFR from the previous year, other than an increase of approximately $1,010 to reflect the increase required by law to the annual superannuation guarantee contribution from 1 July 2014 up to the maximum contribution base. Mr Burgess did not receive a remuneration increase in the period between 1 January 2012 and the date he ceased employment. In addition, the TFR awarded to Mr Cole for 2015 is less than the amount that was set for Mr Burgess, resulting in a reduction in the amount of fixed remuneration to be paid to the MD&CEO in 2015.

Short Term Incentive ('STI') Plan and STI Pool

The three STI performance categories for the MD&CEO of operational and financial performance, sustainability performance and growth continued to apply for 2014 but with a heavier weighting for achievement of targets relating to Prominent Hill operational and financial performance. Whilst the Board has the discretion not to make any of the STI Pool available for allocation amongst Executive KMP, it resolved to make STI payments to eligible members of the Executive KMP, details of which are provided in the Remuneration Report. No change was made to the STI Pool for 2014. The STI Pool cannot exceed the aggregate of the maximum value of STI potentially payable to each of the Executive KMP nor the maximum amount that the KMP would have otherwise received based upon the achievement of performance conditions.

Long Term Incentive ('LTI') Plan

As foreshadowed in last year's report, the change in grant date for the allocation of LTIs was implemented and LTIs were granted to participants in the LTI Plan in July rather than December so as to more closely align the timing of the issue of performance rights to a date after the annual general meeting. The full allocation of performance rights occurred in July 2014. This allocation followed the fifty percent allocation of performance rights in December 2013.

CEO succession and transition

Mr Burgess ceased employment as MD&CEO on 17 October 2014. In accordance with the terms of his employment contract Mr Burgess received a payment equivalent to twelve months fixed remuneration capped as per the requirements of the *Corporations Act 2001*. On termination Mr Burgess also received a pro-rata amount of his short term incentive payment under the Company's STI Plan in accordance with the Company's Good Leaver Policy (according to his performance against Board-set KPIs for the period 1 January 2014 to 17 October 2014). Mr Burgess' outstanding performance rights granted to him from 2011-2014 under the Company's LTI Plan were lapsed prior to termination by agreement between Mr Burgess and the Company. Following his termination Mr Burgess continued to assist the Company until the end of the 2014 on a voluntary basis and provided strategic advice and continued support on various matters, including the completion of handover to Mr Cole.

Mr Andrew Cole was appointed as the Company's new MD&CEO effective from 3 December 2014 to replace Mr Burgess. Mr Cole joined the Company from Rio Tinto where he enjoyed a successful career for 22 years, including Chief Operating Officer Rio Tinto Iron and Titanium. Mr Cole held other senior positions including Chief Executive Officer of Chinalco Rio Tinto Exploration, General Manager Operations Rio Tinto Coal Australia and Mining Executive Diamonds Rio Tinto London.

Mr Cole was appointed with a TFR of $750,000 per annum, including superannuation. Mr Cole was not eligible to participate in the 2014 STI or LTI plans. Mr Cole will be eligible to participate in the 2015 STI Plan with a maximum opportunity equivalent to 100 percent of TFR subject to achieving targets set by the Board and the 2015 LTI Plan with an opportunity to receive up to 80 percent of TFR subject to any shareholder requirements. Accordingly, Mr Cole's total maximum remuneration package comprises 35.7 percent TFR, 28.6 percent at risk maximum STI and 35.7 percent at risk maximum LTI. Refer to section 2 of the Remuneration Report for further details about the Company's STI and LTI plans.

Other executive leadership changes

For the period 18 October 2014 to 2 December 2014 Mr Andrew Coles was appointed as Acting Chief Executive Officer ('Acting CEO'). Mr Coles undertook this role together with his duties as Chief Financial Officer. Mr Coles' remuneration package did not change on his appointment as Acting CEO.

In addition, Ms Francesca Lee ceased as General Counsel & Company Secretary effective 28 March 2014. Ms Lee did not receive any termination payments (other than accrued leave entitlements) nor any STI payment. The performance rights granted to Ms Lee under the Company's LTI Plan were forfeited on termination.

Remuneration packages of Executive KMP

The following table shows the annual remuneration packages of the Executive KMP during the year ended 31 December 2014.

Name	Fixed annual remuneration (including superannuation contributions) [b] $	STI as percentage of fixed annual remuneration %	LTI as percentage of fixed annual remuneration (maximum) %
Current			
Andrew Cole, MD&CEO	750,000	0 – 100	80
Andrew Coles, Chief Financial Officer (CFO)[a]	562,320	0 – 80	80
Former			
Terry Burgess, MD&CEO	1,083,890	0 – 100	80
Francesca Lee, General Counsel and Company Secretary (GC&CS)	551,310	0 – 80	80

(a) Mr Coles was Acting CEO for the period 18 October 2014 to 2 December 2014. His remuneration package did not change during this period.

(b) Fixed remuneration is annualised and includes an increase of 0.25 percent in Company contributions to superannuation that was applied from 1 July 2014 in accordance with change in legislation. Since Ms Lee ceased employment with the Company prior to 1 July 2014 her remuneration does not include the superannuation increase.

Remuneration details prepared in accordance with the *Corporations Act 2001* and accounting standards are set out in Table 7 in the Remuneration Report.

Remuneration outcomes for Executive KMP received for 2014

Outlined in the unaudited table below are details of the remuneration delivered to the Executive KMP for the financial year 2014. It includes all fixed and at risk components (if any) to which the Executive KMP have become entitled (i.e. those that have vested upon satisfaction of relevant performance conditions). This table does not comply with the accounting standards. It has been prepared specifically to disclose the value of remuneration received by the Executive KMP, including the amount (if any) 'realised' in the current financial year with respect to long term incentive grants awarded in prior years.

For full details of the audited cost to the Company of the remuneration of the Executive KMP, calculated in accordance with the accounting standards and the *Corporations Act 2001*, refer to Table 7 of the Remuneration Report.

The *Corporations Act 2001* requires information in Table 7 of the Remuneration Report to incorporate the relevant definitions and classifications from the accounting standards, which are based upon accrual accounting and which require a valuation to be placed upon LTIs that have not vested in the year and which may not vest in future years, unless the performance conditions are met. Unlike Table 7 of the Remuneration Report the table below does not include the value of any LTIs that have not vested in the year. For accounting purposes, the value of performance-based or 'at risk' remuneration in the form of share based long term incentives grants is calculated at the time of the grant. Additionally, unlike Table 7 of the Remuneration Report (which reflects the requirements under the accounting standards), the table below does not include any accrued long service leave which the Executive KMP are only entitled to receive upon reaching the qualifying period or accrued annual leave that has not been cashed out or taken.

KMP	Cash salary[(a)] $	Short term incentive[(b)] $	Discretionary bonus[(c)] $	Long term incentive[(g)] $	Other benefits[(d)] $	Company contributions to superannuation[(e)] $	Termination benefits[(f)] $	Total $
Current								
Andrew Cole								
2014	52,114	–	–	–	180,715	4,951	–	237,780
Andrew Coles								
2014	543,031	421,740	–	–	1,745	18,783	–	985,299
2013	542,880	–	50,000	–	2,640	17,775	–	613,295
Former								
Terry Burgess								
2014	1,029,431	835,338	–	–	9,208	18,783	1,073,726	2,966,486
2013	1,064,452	–	100,000	–	4,918	17,775	–	1,187,145
Francesca Lee								
2014	319,094	–	–	–	3,048	–	–	322,142
2013	532,880	–	50,000	–	8,669	17,775	–	609,324

(a) The cash salary reflects the total amount of fixed pay received by the Executive KMP during 2014, as set out in Table 7 in the Remuneration Report. Annual leave entitlements for Mr Burgess and Ms Lee of $184,749 and $87,635 respectively were paid upon cessation of employment and are included in the cash salary above. LSL entitlements of $95,752 were paid to Ms Lee upon cessation of employment and are included in the cash salary above, while accrued LSL for Mr Burgess was forfeited as the legislative tenure period was not reached.

(b) The STI amount for Mr Burgess was paid at the time of his termination on 17 October 2014 and Ms Lee did not receive an STI payment upon termination of employment. The STI amount for Mr Coles represents the value of STI which will be paid to him in mid-March 2015. For the 2013 financial year, the Board exercised its discretion not to make any of the STI Pool available to Executive KMP and accordingly the Executive KMP did not receive any STI payment under the STI Plan in 2013.

(c) Executive KMP received a discretionary bonus in recognition of the Company's improved safety performance in 2013.

(d) Other benefits include the value (where applicable) of benefits such as compulsory annual health checks, car parking or other benefits that are available to all employees of OZ Minerals. These amounts have been determined in accordance with the accounting standards, are inclusive of Fringe Benefits Tax, where applicable, and are consistent with the amounts disclosed in the total remuneration in Table 7 of the Remuneration Report. Other benefits paid to Mr Cole included payment of relocation costs for Mr Cole and his family from Canada to Australia. Other benefits do not include net accruals for long service leave or accrued annual leave.

(e) Represents direct contributions to superannuation funds. Amounts greater than the maximum superannuation level have been paid and included in cash salary. Ms Lee reached the superannuation maximum contribution base in 2013 hence no superannuation contributions were paid up to her departure date on 28 March 2014.

(f) Termination payments made to Mr Burgess, in accordance with the terms of his employment contract, include twelve months' fixed remuneration capped as per the requirements of the *Corporations Act 2001*. No termination payment was paid to Ms Lee.

(g) For the value of share based long term incentives calculated in accordance with the accounting standards, refer to Table 7 in the Remuneration Report. This Long Term Incentive column is unaudited and records the actual value realised by the Executive KMP rather than the value calculated according to the accounting standards. As no rights vested during 2014 and 2013, the amount is nil for those years.

Performance of OZ Minerals Group

OZ Minerals achieved its major priorities for 2014. Prominent Hill successfully returned to the copper production 'run-rate' of 100,000 tonnes per annum and achieved its stated production guidance for copper and gold. The Company achieved a major milestone with the first production from the Malu Underground Mine and the meeting of the Malu Underground production target of 4,000 tonnes of copper for the year. The Company successfully completed a high quality pre-feasibility study for the Carrapateena project which demonstrated the technical and financial viability of the project with low operating costs and long mine life.

Developments for 2015

The Board decided, based on a recommendation from the Human Resources and Remuneration Committee, not to increase the fees paid to Non-executive Directors in 2015.

The appointment of the new MD&CEO has resulted in a reduction in the amount of remuneration to be paid to the MD&CEO.

The Board and the Human Resources and Remuneration Committee did not consider it necessary to engage external remuneration consultants to assist with the determination of total fixed remuneration for 2015. However, the Board has resolved to undertake a review of the structure of the LTI Plan during the first quarter of 2015.

The three STI performance categories for the MD&CEO of operational and financial performance, sustainability performance and investment in growth performance will apply for 2015. There is a 40 percent weighting for targets relating to operational and financial performance (including achievement of EBITDA target), 20 percent weighting for targets relating sustainability performance (including safety) and 40 percent for targets relating to investment in growth. STI gates will apply and the STI Pool that is made available to Executive KMP remains subject to the discretion of the Board.

The Company has commenced a whole of business strategic review. This review will include an analysis of the Company's organisational structure to ensure it is appropriate for the OZ Minerals business. As part of this review, the Company has already decided to relocate the Company's corporate office from Melbourne to Adelaide. As part of this decision to relocate, the Company will undertake a review of the structure of the senior management team, including a further determination of Executive KMP and the Company's remuneration policy. The strategy review will be completed by the end of the first quarter of 2015.

REMUNERATION REPORT

The Directors of OZ Minerals Limited present the Remuneration Report for the Company and the Consolidated Entity for the year ended 31 December 2014. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

1. Details of Key Management Personnel

The Remuneration Report sets out remuneration information for OZ Minerals for 2014. The Consolidated Entity's Key Management Personnel ('KMP') during 2014 are listed in Tables 1.1 and 1.2 below, and consist of the Non-Executive Directors ('NEDs'), and the Executive KMP comprising the Managing Director and Chief Executive Officer ('MD&CEO'), and Chief Financial Officer ('CFO') who are accountable for planning, directing and controlling the affairs of the Company and its controlled entities. The former General Counsel & Company Secretary ('GC&CS') was also an Executive KMP during 2014.

Table 1.1 - Executive KMP during 2014

Name	Position	Period as KMP during the year
Current		
Andrew Cole	MD&CEO	3 December 2014 to 31 December 2014
Andrew Coles[(a)]	CFO	All of 2014
Former		
Terry Burgess	MD&CEO	1 January 2014 to 17 October 2014
Francesca Lee[(b)]	GC&CS	1 January 2014 to 28 March 2014

(a) Mr Coles was Acting Chief Executive Officer ('Acting CEO') for the period 18 October 2014 to 2 December 2014.

(b) Following the departure of Ms Lee, the role of GC&CS was split into two separate positions and subsequently the role of GC&CS ceased to exist from 28 March 2014. Neither the current General Counsel nor the current Company Secretary are considered KMP as in their respective roles, they do not have the authority and responsibility for planning, directing or controlling the activities of the Company, directly or indirectly.

Table 1.2 - Non-Executive Directors during 2014 and Board Committees to which they belonged in 2014

	Board position[(a)]	Committees[(a)]			
Name		Human Resources and Remuneration	Nomination and Board Governance	Audit	Sustainability
Neil Hamilton	Chairman	Member	Chairman	–	–
Paul Dowd	Director	–	Member	–	Chairman
Brian Jamieson	Director	–	–	Member	Member
Charles Lenegan	Director	–	Member	Chairman	–
Rebecca McGrath	Director	Chairman	–	Member	–
Dean Pritchard	Director	Member	–	–	Member

(a) All positions on the Board and Committees were held for the entire year. The Board considers that each of the Non-Executive Directors of OZ Minerals are independent. In assessing the independence of each Director, the Board takes into consideration the relationships affecting independent status as detailed in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (third edition) and the terms of the Board's Charter. OZ Minerals has not early adopted the Third Edition of the ASX Corporate Governance Principles and Recommendations, however the Board assesses the independence of Directors using Box 2.3 of the ASX Corporate Governance Principles and Recommendations (third edition).

2. Remuneration policy

Overview of remuneration policy and practices

The remuneration policy outlined below demonstrates the linkage between remuneration and business strategies and the impact that those imperatives have on the actual remuneration arrangements of the Company. The overriding business objective is to achieve superior returns compared to the Company's peers in the resources sector.

The Company's remuneration policy is underscored by the following guidelines on remuneration:

Business needs and market alignment

OZ Minerals' remuneration policy is designed to facilitate the achievement of corporate objectives. It is based on current remuneration practices and is aligned with the achievement of Total Shareholder Return ('TSR').

Simplicity and equity

OZ Minerals' remuneration philosophy, policy, principles and structures are simple to understand, communicate and implement, and are equitable across the Company and its diverse workforce.

Performance and reward linkages

Well-designed remuneration policy supports and drives Company and team performance and encourages the demonstration of desired behaviours. Performance measures and targets are few in number, outcome-focused and customised at an individual level to maximise performance, accountability and reward linkages.

Market positioning and remuneration mix

Remuneration comprises fixed remuneration, and incentive (or 'at-risk') remuneration, which is determined by corporate and individual performance. Fixed remuneration is competitive, positioned to have regard to the challenges of attracting and retaining high performers in business critical roles, particularly in the mining industry. Additional remuneration incentives are delivered through 'at risk' remuneration programs. The Company targets fixed remuneration plus 'at target' remuneration incentives at between the median (P50) and the 75^{th} percentile (P75) of relevant external market rates, for business critical roles.

Talent management and reward linkages

Remuneration policy is tightly linked with the performance and talent management frameworks in order to reward and recognise the achievement of role accountabilities and to support the engagement of future leaders.

Governance, transparency and communication with shareholders

OZ Minerals is committed to developing and maintaining remuneration policy and practices that are targeted at the achievement of corporate objectives and the maximisation of shareholder value. It will openly communicate this to shareholders and other relevant stakeholders, and will always be within the boundaries of legal, regulatory and industrial requirements. The Board has absolute discretion in the development, implementation and review of the key aspects of remuneration.

Key principles of Executive KMP remuneration

Executive KMP remuneration is comprised of fixed remuneration and at-risk incentive based remuneration. At-risk remuneration is that part of Executive KMP's and other employees' remuneration which is tied to achievement of a combination of Company, site, team and individual performance objectives, for the creation of shareholder value. There are two components of at-risk remuneration - the Short Term Incentive ('STI') and Long Term Inventive ('LTI').

To ensure that executive remuneration remains consistent with the Company's remuneration policy and guiding principles, remuneration is reviewed annually by the Board with the assistance of the Human Resources and Remuneration Committee and, where needed, external remuneration consultants. In conducting the remuneration review the Board considers:

- the remuneration policy and practices;
- the core skills and experience required of each role in order to grade positions accurately;
- market benchmarks using salary survey data from the Australian Industrials and Resources sectors;
- individual performance against key job objectives as specified in the person's annual performance contract, and with comparison against their peers; and
- business plans and budgets.

Box 2.1 - Questions and answers about Executive KMP remuneration

Remuneration mix	
What is the balance between fixed and 'at risk' remuneration?	The mix of fixed and at-risk remuneration varies depending on the role and grading of executives (being the MD&CEO, direct reports to the MD&CEO and heads of divisions), and also depends on the performance of the Company and individual executives. More senior positions have a greater proportion of at risk remuneration. For all Executive KMP, it is possible that no at-risk remuneration will be earned and that fixed remuneration will represent 100 percent of total remuneration. If maximum at-risk remuneration is earned, the ratio percentage of fixed to at-risk remuneration would be: • MD&CEO: 35.7 percent fixed, 64.3 percent at-risk; and • Other Executive KMP: 38.5 percent fixed and 61.5 percent at risk. Given Mr Andrew Cole did not join the Company until 3 December 2014, he was not eligible to earn any at risk remuneration in 2014.
Fixed remuneration	
What is included in fixed remuneration?	Fixed remuneration provides a regular base reward that reflects the job size, role, responsibilities and professional competence of each executive, according to their knowledge, experience and accountabilities and considering external market relativities. An Executive KMP's fixed remuneration comprises salary and certain other benefits (including statutory superannuation contributions) that may be taken in an agreed form, including cash, leased motor vehicles and additional superannuation, provided that no extra cost is incurred by the Company for these benefits.
When and how is fixed remuneration reviewed?	Fixed remuneration is reviewed annually. Any adjustments to the fixed remuneration for the MD&CEO and the other Executive KMP must be approved by the Board after recommendation by the Human Resources and Remuneration Committee. The Company seeks to position the fixed remuneration at between the 50^{th} and 75^{th} percentile or higher for business critical roles of salaries for comparable companies within the mining market and, where appropriate, the broader general industry market.
STI	
What is the STI Plan?	The STI Plan is a variable, performance based, annual cash incentive plan designed to reward high performance against challenging, clearly defined and measurable objectives that are based on a mixture of targets and are set to incentivise superior performance, with specific targets or metrics in each category.
Why does the Board consider an STI Plan is appropriate?	Variable performance based remuneration strengthens the link between pay and performance. The purpose of these programs is to make a large proportion of the total market reward package subject to meeting various targets linked to OZ Minerals' business objectives. The use of variable performance based remuneration avoids much higher levels of fixed remuneration and is designed to focus and motivate employees to achieve outcomes beyond the standard expected in the normal course of ongoing employment. A reward structure that provides variable performance based remuneration is also necessary as a competitive remuneration package in the Australian and global marketplace for executives.
Does the STI take into account different levels of performance compared to objectives?	Yes, the STI Plan has three performance levels - target, stretch and threshold. To achieve target performance an Executive KMP has to achieve planned or budgeted performance, set at a pre-determined challenging level. To achieve stretch performance an Executive KMP has to achieve outstanding performance set at a pre-determined stretch level. To achieve threshold performance an Executive KMP has to achieve performance set at a pre-determined minimum level. Weightings are applied by the Board to a range of specific performance categories which are monitored during the year and assessed at the end of the relevant financial year. Subject to performance, the range of outcomes for the STI will be zero - 100 percent of fixed annual remuneration for the MD&CEO and zero – 80 percent for other Executive KMP.

What are the performance conditions?	The performance conditions or KPIs are set at the beginning of each year and are designed to drive successful and sustainable financial and business outcomes and are set with reference to the Board approved corporate objectives, plans and budget. The KPIs for Mr Terry Burgess as the MD&CEO for the period 1 January 2014 to 17 October 2014 comprised: • **sustainability performance** with a weighting of 20 percent which was assessed against the achievement of safety targets (such as a significant reduction in total recordable injury frequency rate ('TRIFR')), as well as undertaking ongoing reviews, testing of the controls of high potential incidents, integration of appropriate business improvement initiatives and safety and risk management processes to enhance safety and productivity outcomes at Prominent Hill; • **operational and financial performance** with a weighting of 65 percent which was assessed against total material movement and production volumes for the open pit and underground mine, plant performance and C1 costs, including the achievement of cost reductions for Prominent Hill outside budgeted activity and developing a strategy for concentrate quality enhancement; and • **investment in growth performance** with a weighting of 15 percent which was assessed against the effective execution of various strategy initiatives as determined by the Board including completion of the Pre-Feasibility Study for the Carrapateena project and first ore production from the Malu Underground mine. Given that Mr Andrew Cole did not join the Company until 3 December 2014, he was not eligible to participate in the STI Plan in respect of the 2014 Financial Year. The functional KPIs for the CFO related to the achievement of targets and objectives in the functional areas over which he has responsibility being finance, tax, treasury, commercial services, information technology and business systems and sales & marketing, and the KPIs for his individual performance related to his contribution as a member of the Executive Committee, towards the development and implementation of the Company's strategy in all areas of the Company. The KPIs for the CFO did not change due to the CFO also undertaking the role of Acting CEO for the period 18 October 2014 to 2 December 2014. However, in evaluating the CFO's 2014 performance the additional duties of Acting CEO undertaken by the CFO during this period were taken into account. The GC&CS was not eligible to participate in the STI Plan in respect of the 2014 Financial Year due to her resignation from the Company effective 28 March 2014.
Is there an overriding financial performance condition or other condition?	Yes there is. The availability of the STI Pool is subject to the discretion of the Board and the Board, having regard to the interests of the Company and shareholders can choose not to pay, or reduce the amount of the STI otherwise payable.
How were the performance conditions determined?	The KPIs were set and weighted by the Board to ensure that Mr Burgess' 2014 STIs were linked to the Company's performance against its key business and strategic objectives and key areas of focus for the year, such as improving the Company's sustainability performance and its operational and financial performance and progressing the Company's growth objectives. Regard was also had to the specific performance of Mr Burgess and his ability to influence the outcome of the Company's performance. As stated above, no KPIs were set for Mr Cole as he was not eligible to participate in the STI Plan in respect of the 2014 Financial Year. The KPIs for each of the other Executive KMP were determined by the MD&CEO at the beginning of 2014 after consultation with them and endorsement by the Board. As stated above, the KPIs are determined having regard to the performance conditions set for the MD&CEO and the key areas of focus within their functional responsibilities as contemplated in the business plan and Company's strategy. The weighting for the other Executive KMP was 30 percent relating to the Company's performance, 40 percent relating to functional performance and 30 percent relating to individual performance.
What is the value of the STI opportunity?	For 2014, the maximum STI reward opportunity for Mr Burgess during his period as the MD&CEO in 2014 was set at 100 percent of the total fixed remuneration. The amount of STI reward awarded was dependent upon achievement of KPI targets. If achievement of a KPI was less than 100 percent then the Board used its discretion to determine by how much the STI reward will be reduced. The STI reward opportunity for the other Executive KMP was set at 56 percent of total fixed remuneration at 'target' level, 80 percent at 'stretch' or 'maximum' level and 40 percent at 'threshold' or 'minimum' level, with graded payments between these levels and no payment below the minimum level except at the Board's discretion. If an executive leaves OZ Minerals then the Good Leaver Policy may apply (subject to the executive's contract) and, if the requirements are met, the STI may be granted on a pro rata basis in relation to the period of service completed, subject to the discretion of the Board and conditional upon the individual performance of the relevant executive.

How is STI assessed?	The MD&CEO assesses the business performance of the executive team throughout the year for progress and improvement, to arrive at a summary assessment at year end for discussion with the Human Resources and Remuneration Committee and the Board. As a higher level review, the Board also reviews the performance assessment of all executives who report directly to the MD&CEO, with a view to understanding, endorsing and/or discussing individual circumstances and potential. The Human Resources and Remuneration Committee and the Board assess the performance of the MD&CEO against the performance targets and objectives set for that year. The Board considers the method of assessing STI as described above appropriate as the MD&CEO has oversight of his direct reports and the day to day function of the Company, whilst the Board and Human Resources and Remuneration Committee have overall responsibility for determining whether executives have met the performance targets and objectives set for that year.
LTI	
What is the LTI Plan?	The LTI Plan is the equity component of the at-risk reward opportunity and is linked to the Company's medium to long term TSR performance.
Why does the Board consider a LTI Plan is appropriate?	The Company believes that a LTI Plan can: • focus and motivate employees to achieve outcomes beyond the standard expected in the normal course of ongoing employment; • ensure that business decisions and strategic planning have regard to the Company's long term performance; • be consistent with contemporary remuneration governance standards and guidelines; • be consistent and competitive with current practices of comparable companies; and • create an immediate ownership mindset among the executive participants, linking a substantial portion of their potential total reward to OZ Minerals' ongoing share price and returns to shareholders.
What types of equity may be granted under the LTI Plan?	Performance Rights are granted under the OZ Minerals LTI Plan as further detailed in the table below.
Was a grant made in 2014?	A grant was made on 28 July 2014 to all continuing participants in the LTI Plan. The number of performance rights granted to each executive was calculated in accordance with the formula approved by the shareholders at the 2013 Annual General Meeting and by reference to the volume weighted average share price on the five trading days up to and including the grant date being $4.78 per share. The terms and conditions of the grant are similar to the previous grants issued since 2009, except that the grant took place in July rather than in December. As foreshadowed in the 2013 Annual Report the Board determined that, for greater transparency and administrative reasons, it would change the normal month in which LTIs are granted to July rather than December so as to more closely align the timing of the issue of performance rights to a date after the annual general meeting. This change was implemented in July 2014 with only a fifty percent allocation of LTI entitlement in 2013.
What are the performance conditions?	The performance conditions are: (a) the executive meeting the Service Condition; and (b) OZ Minerals meeting the LTI Performance Condition. The two conditions are referred to as the Vesting Conditions. **Service Condition** The service condition is met if employment with OZ Minerals is continuous for three years commencing on or around the grant date ('Performance Period'). If the executive leaves the Company as a good leaver before the end of the service condition period then the Good Leaver Policy may apply, as described below. **LTI Plan Performance Condition** The LTI Plan performance condition is the Company's TSR as measured against a Comparator Group. The Board considers that TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct benefit to shareholders. TSR reflects benefits received by shareholders through share price growth and dividend yield and is the most widely used long term incentive hurdle in Australia. To ensure an objective assessment of the relative TSR comparison the Company employs an independent organisation to calculate the TSR ranking.

	The performance rights will only vest where the TSR performance of the Company relative to the selected Comparator Group measured over the Performance Period is at the 50th percentile or above.

TSR ranking versus Comparator Group	Percentage of maximum award
Below the 50th percentile	0 percent vest
At the 50th percentile	50 percent vest
Between the 50th and 75th percentile	Between 50 percent and 100 percent vest progressively by using a straight line interpolation
At or above the 75th percentile	100 percent vest

Why were the performance conditions chosen?	The approach to linking individual executive performance (including mandatory service periods) and Company performance to the vesting of performance rights is standard market practice. The conditions are aimed at linking the retention and performance of the executives directly to rewards, but only where shareholder returns are realised. The focus on employee-held equity is also part of a deliberate policy to strengthen engagement and direct personal interest to the achievement of returns for shareholders.
What is the comparator group?	The comparator companies selected are considered to be alternative investment vehicles for local and global investors and are impacted by commodity prices and cyclical factors in a similar way to OZ Minerals. The list of comparator group companies appears in the following table. Following the delisting of Inmet Mining Corporation, Ivanhoe Australia Limited and Xstrata Plc the Board in 2013 resolved to replace these companies with Rex Minerals Limited and Ivanhoe Mines Limited. In assessing the performance condition for the 2011 LTI Plan, Jiangxi Copper Co Ltd and Teck Resources Limited, which are reserve comparator companies for the 2011 grant, replaced Kagara Ltd (due to its delisting), and Ivanhoe Mines Limited (due to it not being listed until October 2012).

Companies	OZ Minerals LTIP (Dec 2013, Dec 2012 and July 2014)	OZ Minerals LTIP (Dec 2011)
Anglo American Plc	✓	✓
Antofagasta Plc	✓	✓
Barrick Gold Corporation	✓	✓
BHP Billiton Limited	✓	✓
Boliden AB	✓	✓
Capstone Mining Co	✓	
First Quantum Minerals Ltd.	✓	✓
Freeport McMoran Copper & Gold, Inc.	✓	✓
HudBay Minerals, Inc.	✓	✓
Ivanhoe Mines Limited	✓	
Jiangxi Copper Co Ltd		✓
Katanga Mining Limited	✓	
Kazakhmys Plc	✓	
KGHM International Ltd	✓	
Lundin Mining Corporation	✓	✓
Mercator Minerals Ltd	✓	
Newcrest Mining Limited	✓	✓
Newmont Mining Corporation	✓	✓
PanAust Limited	✓	✓
Rex Minerals Limited	✓	✓
Rio Tinto Limited	✓	✓
Sandfire Resources NL	✓	
Southern Copper Corporation	✓	✓
Taseko Mines Limited	✓	
Teck Resources Limited		✓
Vedanta Resources Plc	✓	
Western Areas NL		✓

What happens to performance rights granted under the LTI Plan when an executive ceases employment?	If an executive ceases employment with OZ Minerals before the performance condition is tested, then his or her unvested performance rights will generally lapse unless the Good Leaver Policy applies. Under the terms of the Good Leaver Policy, subject to the discretion of the Board, at the time of termination (unless by reason of death or disability) a pro rata number of performance rights, calculated in accordance with the proportion of the performance period worked, may continue to be subject to performance conditions as set by the Board. If and when these rights vest, they will be exercisable up until their original expiry date. If cessation is due to death or disability, all unvested performance rights will vest at that time.
What happens in the event of a change of control?	In the event of a takeover or change of control of OZ Minerals, any unvested performance rights may vest at the Board's discretion. Factors that the Board may consider when exercising its discretion to vest any outstanding performance rights include pro-rata awards for the period from the date of grant until the date change of control occurs.
Do shares granted upon vesting of performance rights granted under the LTI Plan dilute existing shareholders' equity?	Generally, there is no dilution of shareholders' pre-existing equity as shares allocated to the participants in the LTI Plan upon vesting of performance rights are usually satisfied by purchases by the plan trustee on market.
Does the Company have a policy in relation to margin loans and hedging at risk remuneration?	Under the Company's Securities Trading Policy, all executives, directors and officers are prohibited from entering into financing arrangements where the monies owed to the lender are secured against a mortgage over OZ Minerals' shares. Transactions entered into prior to 19 November 2009, when the prohibition was introduced, are exempted from the policy. The Company's Securities Trading Policy also prohibits executives and employees from entering into any hedging arrangement over unvested securities issued pursuant to any share scheme, performance rights plan or option plan.

The table below summarises the LTI Plans which were in operation during the year:

Box 2.2 - Details of LTIPs

Element	Equity granted under the OZ Minerals LTI Plan–July 2014, December 2013, December 2012 and December 2011[(a)]
Type of equity granted	Performance rights
Number of shares which underlie the performance rights	2011 – 2014 : 1 share
Calculation of number of performance rights granted	80 percent of executives' personal total fixed remuneration based on the volume weighted average closing price of OZ Minerals' shares over the five trading days up to and including the grant date.
Grant date	2014 : 28 July 2014 2013 : 20 December 2013 2012 : 21 December 2012 2011 : 22 December 2011
Performance period	2014 : 1 July 2014 – 30 June 2017 2013 : 20 December 2013 – 19 December 2016 2012 : 21 December 2012 – 20 December 2015 2011 : 22 December 2011 – 21 December 2014
Service period	2014 : 28 July 2014 – 15 July 2017 2013 : 20 December 2013 – 19 December 2016 2012 : 21 December 2012 – 20 December 2015 2011 : 22 December 2011 – 21 December 2014
Expiry date	2014: 15 August 2017 2013 : 28 February 2017 2012 : 28 February 2016 2011 : 28 February 2015
Vesting conditions	**TSR ranking versus Comparator Group** — **Percentage of maximum award** Below the 50th percentile — 0 percent vest At the 50th percentile — 50 percent vest Between the 50th and 75th percentile — Between 50 percent and 100 percent vest progressively by using a straight line interpolation At or above the 75th percentile — 100 percent vest A service condition also applies as described in Box 2.1 above. The vesting date for each of the 2014, 2013, 2012, and 2011 grants is the date that OZ Minerals notifies the participants that the vesting conditions have been satisfied which will occur no later than 15 August 2017 for the 2014 grant, 28 February 2017 for the 2013 grant, 28 February 2016 for the 2012 grant and 28 February 2015 for the 2011 grant.
Exercise price for performance rights	Not applicable – provided at no cost

(a) Performance rights granted under the OZ Minerals LTI Plan (last grant made in July 2014) are granted for no consideration. The performance measurement period is three years. Performance rights granted under the plan carry no dividend or voting rights. On vesting of a performance right, one OZ Minerals share for each performance right will be allocated and each share will rank equally in all respects with other OZ Minerals fully paid ordinary shares.

3. Executive KMP employment arrangements

The remuneration arrangements for Executive KMP are formalised in employment contracts. Each of these agreements provide for the payment of fixed remuneration, performance-related cash bonuses under the STI Plan (as discussed above), other benefits, and participation, where eligible, in the Company's LTI Plan (as discussed above).

Table 2 - Termination provision of Executive KMP - during 2014

Name	Term of contract	Notice period by either party	Termination benefit
Current			
Andrew Cole	Permanent – ongoing until notice has been given by either party.	Twelve months' notice by the Company. Company may elect to make payment in lieu of notice. No notice period requirements for termination by Company for cause. Six months' notice by Andrew Cole.	Twelve months fixed remuneration in the case of termination by the Company, plus at the discretion of the Board, STI and LTI treatment in accordance with the Good Leaver Policy. No termination benefits (other than accrued entitlements) in the case of termination by the Company for cause.
Andrew Coles	Permanent – ongoing until notice has been given by either party.	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice requirements for termination by Company for cause.	Nine months fixed remuneration in the case of termination by the Company. No termination benefits (other than accrued entitlements) in the case of termination by the Company for cause. Upon the occurrence of a fundamental change in the role, the executive may terminate his or her employment within thirty days of the event giving rise to the fundamental change and receive the same payments from the Company as if it was a termination by the Company for no cause, plus at the discretion of the Board, STI and LTI treatment in accordance with the Good Leaver Policy.
Former			
Terry Burgess	Permanent – ongoing until notice has been given by either party.	Twelve months' notice by the Company. Company may elect to make payment in lieu of notice. No notice requirements for termination by Company for cause. Six months' notice by Terry Burgess.	Twelve months fixed remuneration in the case of termination by the Company. No termination benefits (other than accrued entitlements) in the case of termination by the Company for cause. Upon the occurrence of a fundamental change in his role or position, the executive is entitled to receive twelve months fixed annual remuneration plus at the discretion of the Board, STI and LTI treatment in accordance with the Good Leaver Policy.
Francesca Lee	Permanent – ongoing until notice has been given by either party.	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice requirements for termination by Company for cause.	Nine months fixed remuneration in the case of termination by the Company. No termination benefits (other than accrued entitlements) in the case of termination by the Company for cause. Upon the occurrence of a fundamental change in the role, the executive may terminate his or her employment within thirty days of the event giving rise to the fundamental change and receive the same payments from the Company as if it was a termination by the Company for no cause, plus at the discretion of the Board, STI and LTI treatment in accordance with the Good Leaver Policy.

Executives are eligible for a termination benefit, other than when dismissed for gross misconduct. Where an Executive KMP leaves the Company as a Good Leaver then the Good Leaver Policy may apply at the discretion of the Board (refer Box 2.1).

4. Company performance and remuneration

Company performance

A summary of OZ Minerals' business performance as measured by a range of financial and other indicators is outlined in the table below.

Table 3 - Company performance [a]

Measure	2014	2013	2012	2011	2010
Earnings/(losses) before interest, income tax, depreciation and amortisation from continuing operations - $m	352.4	(215.5)	353.9	510.1	786.6
Earnings/(losses) before interest and income tax from continuing operations - $m	56.3	(434.0)	179.2	345.9	634.0
Net profit/(loss) after income tax - $m	48.5	(294.4)	152.0	274.5	586.9
Cash and cash equivalents at year end - $m	218.5	364.0	659.0	886.1	1,334.2
Net cash inflow from operating activities - $m	221.5	179.1	344.8	647.1	616.1
Basic earnings/(loss) per share – cents[b]	16.0	(97.1)	49.5	85.6	187.2
Share price at beginning of year - $[b]	3.15	6.70	10.01	17.20	11.80
Share price at end of year - $[b]	3.48	3.15	6.70	10.01	17.20
Dividends paid per share - cents[b]	20	30	40	70	30
Capital return per share - $[b]	–	–	–	1.20	–
Shares bought back on market and cancelled - $m	–	–	100.1	99.9	–

(a) Refer to the Operating and Financial Review section in the Directors Report for a commentary on the consolidated results, including underlying performance of the Company.

(b) Where applicable, amounts in the table above have been adjusted for the 1:10 share consolidation completed in 2011.

5. Determining STI Outcomes and STI Payments to Executive KMP in 2014

Board discretion regarding STI Pool

As specified in Box 2.1, the Board has the absolute discretion to determine the amount of the STI Pool from which STIs are to be allocated and payable to the Executive KMP irrespective of the level at which the Executive KMP has met the performance conditions. For 2014, the amount of STI awarded to each Executive KMP was determined in with the process described in Box 2.1.

MD&CEO's STI

In accordance with the procedure set out in Section 2, the Chairman and the Board, with the assistance of the Chair of the Human Resources and Remuneration Committee, undertook a review of the Mr Burgess' performance against each of his 2014 KPIs. Mr Burgess' STI assessment was based on the achievement of each of his KPIs for the period 1 January 2014 to 17 October 2014. Outlined in Table 4A below are the ratings awarded against each of the KPI targets and descriptions of how the STI award percentages were assessed against the MD&CEO's KPIs.

Table 4A – STI award percentage for MD&CEO

Targets	Weighting percent	Awarded percent	Weighted Performance percent	2014 assessment against 2014 KPIs
Operational and Financial	65	100	65	Mining of ore and waste well ahead of schedule at end of Quarter 3 resulting in achievement of full year copper and gold production targets. Developed a strategy for concentrate quality enhancement. Development of Malu Underground progressed, resulting in first production in early October 2014 and achievement of Malu Underground full year production target. Costs below budget through to end of Quarter 3 contributing to achievement of Full Year C1 cost guidance.
Sustainability	20	85	17	Safety performance at end of Quarter 3 declined slightly. Direct involvement in review and analysis of high potential incidents resulting in improved risk controls and raising safety awareness across the business. Successful integration of safety and risk management processes into business improvement programs.
Growth	15	100	15	Pre-Feasibility Study for Carrapateena successfully completed which demonstrated technical and financial viability. Development of Malu Underground Mine with first ore production. Potential growth opportunities presented to the Board in line with the Company's strategy.
Overall Awarded Percentage			97[(a)]	

(a) Refer to Table 4C for Overall Awarded Percentage, prorated to departure date at 17 October 2014 (77 percent of maximum full year potential value of payment).

No adjustment to the STI award percentage was made in view of the fact that EBIT Target was met, after having regard to factors within the control of management.

Table 4B – STI award percentage for other Executive KMP

In accordance with the procedure set out in Section 2, an assessment was undertaken of the performance of each of the other Executive KMP against their 2014 KPIs.

Targets	Weighting Percent	Awarded Percent	Weighted Performance Percent [(a)]
Andrew Coles			
Company performance	30	80	24
Functional performance	40	100	40
Individual performance	30	100	30
Overall Awarded Percentage			94

(a) Rounded to the nearest whole decimal place.

No adjustment to the STI awarded percentage was made in view of the fact that EBIT Target was met, after having regard to factors within the control of Management.

Details of the amounts payable to the Executive KMP appear in Table 4C below.

Table 4C – STI payments to Executive KMP in 2014

Name	Payment $	Maximum potential value of payment[(a)] $	Percentage of maximum grant awarded[(b)] %	Percentage of maximum grant forfeited[(b)] %
Current				
Andrew Cole	–	–	–	–
Andrew Coles	421,740	449,856	94	6
Former				
Terry Burgess	835,338	1,083,890	77	23
Francesca Lee	–	441,048	–	100

(a) The minimum potential value of the payments was nil. The maximum potential value of payment is the total potential value for the full year calculated at current TFR for the twelve month period ended 31 December 2014. The maximum potential value of STI payment for former Executive KMP, prorated to their date of departure is as follows:

- Mr Burgess' maximum potential value of payment prorated to 17 October 2014 was $861,173.
- Ms Lee's maximum potential value of payment prorated to 28 March 2014 was $105,127, but no STI was awarded to Ms Lee in 2014

(b) Rounded to the nearest whole decimal place.

6. Performance rights held by and granted to Executive KMP

As part of its remuneration policy, the Company granted performance rights to Executive KMP during the year, as set out in Table 12. Details of performance rights for Executive KMP that remain unvested at 31 December 2014 are included in Table 5 below.

No performance rights held by Executive KMP vested during the year and no performance rights were exercised by Executive KMP during the year. Table 6 sets out details of the performance rights held by Executive KMP that lapsed during the year. No performance rights have vested for the Company's executives since 2008.

Further details are set out in Note 31 to the Financial Statements.

Table 5 – Performance rights held by Executive KMP as at 31 December 2014

Executive KMP	Grant date[d]	Performance rights[a] Number	Fair value per performance right[b] $	Maximum value of grant[c] $
Current				
Andrew Cole	–	–	–	–
Andrew Coles	28 July 2014	94,153	3.12	455,701
	20 Dec 2013	78,395	1.97	599,722
	21 Dec 2012	64,043	4.05	736,495

(a) The grant made to the Executive KMP for 2013 represented 50 percent of the grants available for the year having regard to the intention of the Board to grant the 2014 LTIs in July rather than December 2014. The grants made to Executive KMP for 2014 and 2012 constituted 100 percent of the grants available for each year and were made on the terms summarised in Boxes 2.1 and 2.2. Refer to Box 2.2 for the expiry date of performance rights described above.

(b) The fair values were calculated as at the grant dates. In accordance with the requirements of applicable Accounting Standards, remuneration includes a proportion of the notional value of performance rights as compensation granted or outstanding during the year. The notional value of performance rights granted as compensation is determined as at the grant date and progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may in fact receive. The values were calculated by an external third party based on a Monte Carlo simulation model.

(c) The maximum value of the grants has been estimated based on a 52 week high share price in the calendar year of the grant. For the 2014 grant this was $4.84 per instrument. The minimum total value of each grant, if the applicable performance conditions are not met, is nil.

(d) The vesting date for each of the 2014, 2013 and 2012 grants is the date that OZ Minerals notifies the participants that the vesting conditions have been satisfied which will occur no later than 15 August 2017 for the 2014 grant, 28 February 2017 for the 2013 grant and 28 February 2016 for the 2012 grant.

Table 6 - Movement in performance rights lapsed/forfeited during 2014 for Executive KMP

Executive KMP	Grant date	Forfeited/lapsed[b] Number	Date of lapse	Share price at date of lapse $	Forfeited/ lapsed value[a] $
Current					
Andrew Coles	22 Dec 11	(41,524)	21 Dec 14	3.52	(146,164)
Former					
Terry Burgess	28 July 14	(178,588)	17 Oct 14	3.96	(707,208)
	20 Dec 13	(151,412)	17 Oct 14	3.96	(599,592)
	21 Dec 12	(123,693)	17 Oct 14	3.96	(489,824)
	22 Dec 11	(80,356)	17 Oct 14	3.96	(318,210)
Francesca Lee	20 Dec 13	(76,995)	28 Mar 14	3.42	(263,323)
	21 Dec 12	(62,900)	28 Mar 14	3.42	(215,118)
	22 Dec 11	(40,755)	28 Mar 14	3.42	(139,382)

(a) The value of each Performance Right on the date of lapse is based on the closing market price of OZ Minerals shares on the ASX on the trading date.

(b) No performance rights vested during the year. All performance rights outstanding for Terry Burgess and Francesca Lee lapsed at their date of departure.

7. Total remuneration for Executive KMP

Table 7 - Total rewards to Executive KMP

	Short-term benefits					Long term benefits	Post employment benefits		Share-based payments		
	Cash salary $	Incentive payment[(a)] $	Discretionary bonus payment $	Accrued annual leave[(d)] $	Other benefits[(b)] $	Long term benefits other[(e)] $	Company contributions to superannuation[(f)] $	Termination benefits[(g)] $	Value of performance rights[(c)] $	Total fixed and at risk remuneration $	At risk remuneration as percentage of total fixed and at-risk remuneration[(h)] %
Current											
Andrew Cole											
2014	52,114	–	–	4,609	180,715	130	4,951	–	–	242,519	0
Andrew Coles											
2014	543,031	421,740	–	24,200	1,745	5,799	18,783	–	268,529	1,283,827	54
2013	542,880	–	50,000	14,572	2,640	10,524	17,775	–	259,577	897,968	34
Former											
Terry Burgess											
2014	1,029,431	835,338	–	(182,037)	9,208	(59,216)	18,783	1,073,726	(531,620)	2,193,613	14
2013	1,064,452	–	100,000	(27,485)	4,918	24,050	17,775	–	499,156	1,682,866	36
Francesca Lee											
2014	319,094	–	–	(95,237)	3,048	(102,870)	–	–	(269,862)	(145,827)	0
2013	532,880	–	50,000	7,271	8,669	10,328	17,775	–	256,324	883,247	35

(a) The STI amount for Mr Burgess was paid at the time of his termination on 17 October 2014. Ms Lee did not receive an STI payment upon cessation of employment. The STI amount for Mr Coles represents the value of STI which will be paid to him in mid-March 2015.

(b) Other benefits include the value (where applicable) of benefits such as compulsory annual health checks, car parking or other benefits that are available to all employees of OZ Minerals, and are inclusive of Fringe Benefits Tax where applicable. Other benefits paid to Mr Cole included payment of relocation costs for Mr Cole and his family from Canada to Australia.

(c) The fair values were calculated as at the grant dates. In accordance with the requirements of applicable Accounting Standards, remuneration includes a proportion of the notional value of equity rights compensation granted or outstanding during the year. The notional value of equity rights granted as compensation which do not vest during the reporting period is determined as at the grant date and progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may in fact receive. The values were calculated by an external third party based on a Monte Carlo simulation model. The percentage of each Executive KMP's remuneration for year ended 31 December 2014 that consisted of Performance Rights was as follows: Terry Burgess 0 percent, Andrew Coles 21 percent, Francesca Lee 0 percent. A reduction in the value of performance rights represents a reversal as a result of lapsing of performance rights due to non-satisfaction of service conditions.

(d) Annual leave has been separately categorised and is measured on an accrual basis and reflects the movement in the accrual over the twelve month period. Any reduction in accrued annual leave reflects more leave taken/cashed out than that which accrued in the period. Annual leave entitlements for Mr Burgess and Ms Lee of $184,749 and $87,635 respectively were paid upon cessation of employment and are included in the cash salary above.

(e) Represents the net accrual movement for Long Service Leave (LSL) over the twelve month period which will only be paid if Executive KMP meets the required service conditions. LSL entitlements of $95,752 were paid to Ms Lee upon cessation of employment and are included in the cash salary above, while accrued LSL for Mr Burgess was forfeited as the legislative tenure period was not reached.

(f) Represents direct contributions to superannuation funds. Amounts greater than the maximum superannuation level have been paid and included in cash salary. Ms Lee reached the superannuation maximum contribution level in 2013 hence no superannuation contributions were paid up to her departure date on 28 March 2014.

(g) Termination payments made to Mr Burgess, in accordance with the terms of his employment contract include twelve months' fixed remuneration capped as per the requirement of the *Corporations Act 2001*. No termination payments were made to Ms Lee.

(h) The percentage of at risk remuneration of total fixed and at risk remuneration for Mr Cole is 0 percent as he was not eligible to earn any at risk remuneration in 2014 given he did not join the Company until 3 December 2014.

8. Non-Executive Director remuneration

8.1 Non-Executive Director remuneration policy

Non-Executive Director ('NED') remuneration is reviewed annually by the Board. NEDs receive a fixed fee remuneration consisting of a base fee rate and additional fees for committee roles.

Consistent with best practice, NEDs do not receive any form of equity incentive entitlement, bonuses, options, other incentive payments or retirement benefits. In the past the Company paid retirement benefits to NEDs. These benefits were frozen at 31 December 2005 and the value at that date is adjusted each year at a bank interest rate. Details are set out in Table 10.

NEDs are encouraged to build up over a five year period a minimum shareholding of at least the equivalent of one year's annual fees in the form of shares.

As approved at the OZ Minerals General Meeting on 18 July 2008, the maximum fees payable per annum is $2,700,000 in total. Total fees received by NEDs in 2014 were $1,189,618 which was below the maximum approved amount. The fees that applied for 2014 are described below. The Chairman was paid a flat fee, with no additional fees for service on Committees.

The Board decided, based on a recommendation from the Human Resources and Remuneration Committee, not to increase the fees paid to Non-Executive Directors in 2015.

Table 8 - Details of NED remuneration

2014	Chairman $ per annum	NED $ per annum
Base fee rate	313,285	120,314

In addition to the fees specified above, all Directors (including the Chairman) are entitled to superannuation contributions (or cash in lieu thereof) equal to 9.5 percent calculated on base Board and Committee fees, and are entitled to be reimbursed for travelling and other expenses properly incurred by them in attending any meeting or otherwise in connection with the business or affairs of the Company, in accordance with the Company's constitution.

Table 9 - Additional fees for NEDs other than the Chairman

2014	Committee chair $ per annum	Committee member $ per annum
Audit	43,056	21,528
Sustainability	21,528	10,764
Human Resources & Remuneration	21,528	10,764
Nomination & Board Governance	–	5,382

All NEDs (other than the Chairman) receive a fee for being a Director of the Board and additional fees for either chairing or being a member of a Board Committee. See Table 1.2 for details of the composition of the Committees.

8.2 Total fees paid to NEDs

Total fees received by NEDs in 2014 were $1,189,618 (2013: $1,400,824) compared with the maximum approved fees payable of $2,700,000. Payments and non-monetary benefits received by NEDs individually are set out in the following table:

Table 10 - Total remuneration paid to NEDs

	Director's fees			Post-employment benefits		
	Board fees and cash benefits $	**Committee fees $**	**Non-monetary benefits $**	**Retirement benefit adjustment [(a)] $**	**Company contributions to superannuation [(b)] $**	**Total fixed remuneration $**
Neil Hamilton						
2014	326,802	–	–	–	15,857	342,659
2013	379,511	–	–	–	16,924	396,435
Paul Dowd						
2014	120,314	26,910	–	–	13,803	161,027
2013	145,314	21,528	–	–	15,231	182,073
Brian Jamieson						
2014	120,314	32,292	–	617	14,308	167,531
2013	145,798	37,674	–	672	16,208	200,352
Charles Lenegan						
2014	126,625	48,438	–	–	9,510	184,573
2013	145,314	37,674	–	–	16,711	199,699
Rebecca McGrath						
2014	120,314	43,056	–	–	15,317	178,687
2013	145,798	43,056	–	–	16,705	205,559
Dean Pritchard						
2014	120,314	21,528	–	–	13,299	155,141
2013	148,584	22,012	–	–	11,470	182,066

(a) In the past OZ Minerals paid retirement benefits to NEDs, however, these benefits were frozen at 31 December 2005. As advised in previous years, the value at that date is adjusted each year at a bank interest rate and the increase in value from the previous year is accrued in the retirement benefit adjustment. Retirement benefits were adjusted for 2014 at an average bank interest rate of 2.10 percent per annum (2.34 percent in 2013). A retirement benefit including the retirement benefit adjustment for 2014 has accrued for Brian Jamieson to the value of $30,006. The terms of the retirement benefit scheme were disclosed in the Company's 2005 Annual Report.

(b) Represents direct contributions to superannuation funds. Any amounts greater than the superannuation maximum contribution base have been paid and included in board fees and cash benefits. The Company contributions to superannuation were increased by 0.25 percent from 1 July 2014 in accordance with the change in legislation.

9. Equity instrument disclosure relating to KMP

Table 11 – KMP shareholdings

The movement in the number of shares held by each KMP during the year is set out below:

	Balance at 1 January 2014 or date of becoming KMP	Shares granted as remuneration	Share acquired on exercise of rights	Net other movements	Balance at 31 December 2014 or date ceasing to be KMP[(a)]
Neil Hamilton	39,500	–	–	–	39,500
Paul Dowd	10,800	–	–	–	10,800
Brian Jamieson	108,527	–	–	–	108,527
Charles Lenegan	20,750	–	–	–	20,750
Rebecca McGrath	5,750	–	–	–	5,750
Dean Pritchard	22,720	–	–	–	22,720
Andrew Cole	–	–	–	10,000	10,000
Terry Burgess	150,708	–	–	10,764	161,472
Andrew Coles	21,750	–	–	–	21,750
Francesca Lee	31,659	–	–	–	31,659
Total	**412,164**	–	–	**20,764**	**432,928**

(a) The following number of shares (included in the holdings above) were held on behalf of KMP (i.e indirectly beneficially held shares) as at 31 December 2014, or for those that concluded as a KMP during the 2014 financial year, as at retirement date: N Hamilton – 39,500, P Dowd – 10,800, B Jamieson – 28,527, C Lenegan – 20,750, R McGrath – nil, D Pritchard – 22,720, A Cole – nil, T Burgess – 5000, A Coles – 1,100, F Lee – 260.

Table 12 – KMP performance rights holdings

The movement in the number of performance rights for KMP during the year is set out below:

	Balance at 1 January 2014 or date of becoming KMP	Granted	Vested	Exercised	Lapsed	Balance at 31 December 2014 or date ceasing to be KMP
Andrew Cole	–	–	–	–	–	–
Terry Burgess	355,461	178,588	–	–	534,049	–
Andrew Coles	183,962	94,153	–	–	41,524	236,591
Francesca Lee	180,650	–	–	–	180,650	–
Total	720,073	272,741	–	–	756,223	236,591

The number of vested performance rights at 31 December 2014 that were unexercisable was nil (2013: nil).

10. Engagement of remuneration consultants

The Board and Human Resources and Remuneration Committee seek and consider advice from independent remuneration consultants to ensure that it has at its disposal information relevant to the determination of all aspects of remuneration relating to the Executive KMP. The Board, with the assistance of the Human Resources and Remuneration Committee, has protocols to formalise the arrangements for the engagement of remuneration consultants and the parameters around the interaction between management and the consultants ('Protocols') with a view to minimising the risk of any undue influence occurring and ensuring compliance with the requirements of the *Corporations Act 2001*.

Under the Protocols adopted by the Board and Human Resources and Remuneration Committee:

- remuneration consultants are engaged by and report directly to the Board or the Human Resources and Remuneration Committee;
- the Committee must in deciding whether to approve the engagement have regard to any potential conflicts of interest including factors that may influence independence such as previous and future work performed by the Committee and any relationships that exist between any KMP and the consultant;
- communication between the remuneration consultants and KMP is restricted to minimise the risk of undue influence on the remuneration consultant; and
- where the consultant is also engaged to perform work that does not involve the provision of a remuneration recommendation, prior approval of the Board or Human Resources and Remuneration Committee must be obtained in certain circumstances where the consultant continues to be engaged to provide remuneration recommendations.

The advice and recommendations of remuneration consultants are used as a guide by the Board and the Human Resources and Remuneration Committee. Decisions are made by the Board after its own consideration of the issues but having regard to the advice of the Human Resources and Remuneration Committee and the consultants. No remuneration consultants were used in 2014.

AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To: the Directors of OZ Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2014 there have been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Michael Bray

Partner

Melbourne

11 February 2015

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014	Notes	2014 $m	2013 $m
Revenue from sale of concentrates	3	831.0	644.0
Net gain on sale of assets in Cambodia	33	–	0.9
Net foreign exchange gains		19.3	40.9
De-recognition of foreign currency translation reserve	20	2.6	–
Gain on revaluation of investment to fair value upon discontinuation of equity method	11	8.7	–
Changes in inventories of ore and concentrate		78.7	25.0
Consumables, concentrate purchases and other direct costs		(353.4)	(343.5)
Employee benefit expenses	4	(69.2)	(78.5)
Exploration and evaluation expenses		(55.1)	(74.5)
Freight expenses		(45.6)	(40.3)
Royalties expense	4	(23.5)	(9.5)
Share of net loss of investment in Toro	11	(1.5)	(1.3)
Depreciation and amortisation expenses	15	(296.1)	(218.5)
Write-down of assets	6	–	(331.3)
Other expenses		(39.6)	(47.4)
Profit/(loss) before net financing income and income tax from continuing operations		56.3	(434.0)
Financing income	5	7.3	12.4
Financing expenses	5	(3.7)	(5.4)
Net financing income	5	3.6	7.0
Profit/(loss) before income tax from continuing operations		59.9	(427.0)
Income tax (expense)/benefit from continuing operations	7	(18.3)	132.6
Profit/(loss) from continuing operations		41.6	(294.4)
Profit from discontinued operation after income tax	7	6.9	–
Profit/(loss) for the year attributable to equity holders of OZ Minerals Limited		48.5	(294.4)
Basic and diluted earnings/(loss) per share		**Cents**	**Cents**
Continuing operations	23	13.7	(97.1)
Discontinued operation	23	2.3	–
Overall earnings/(loss) per share	23	16.0	(97.1)

The above Consolidated Income Statement should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014	Notes	2014 $m	2013 $m
Profit/(loss) for the year		48.5	(294.4)
Other comprehensive loss			
Items that will not be reclassified subsequently to income statement			
Change in fair value of investments in equity securities, net of tax	12	(67.5)	(76.3)
Items that may be reclassified to income statement			
Foreign currency translation differences	20	0.1	(0.9)
Items reclassified to income statement			
De-recognition of foreign currency translation reserve	20	(2.6)	–
Other comprehensive loss for the year, net of tax		(70.0)	(77.2)
Total comprehensive loss for the year attributable to equity holders of OZ Minerals Limited		(21.5)	(371.6)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Issued capital $m	Retained earnings $m	Treasury shares $m	Foreign currency translation reserve $m	Total equity $m
For the year ended 31 December 2014						
Balance as at 1 January 2014		2,058.9	266.6	(0.1)	2.5	2,327.9
Total comprehensive loss for the year						
Profit for the year		–	48.5	–	–	48.5
Other comprehensive loss		–	(67.5)	–	(2.5)	(70.0)
Total comprehensive loss for the year		–	(19.0)	–	(2.5)	(21.5)
Transactions with owners, recorded directly in equity						
Dividends	22	–	(60.6)	–	–	(60.6)
Share-based payment transactions, net of income tax	31	–	3.6	–	–	3.6
Purchase of treasury shares	19	–	–	(0.3)	–	(0.3)
Exercise of performance rights	19	–	(0.4)	0.4	–	–
Total transactions with owners		–	(57.4)	0.1	–	(57.3)
Balance as at 31 December 2014		2,058.9	190.2	–	–	2,249.1
For the year ended 31 December 2013						
Balance as at 1 January 2013		2,058.9	728.0	(4.4)	3.4	2,785.9
Total comprehensive loss for the year						
Loss for the year		–	(294.4)	–	–	(294.4)
Other comprehensive income		–	(76.3)	–	(0.9)	(77.2)
Total comprehensive loss for the year		–	(370.7)	–	(0.9)	(371.6)
Transactions with owners, recorded directly in equity						
Dividends	22	–	(91.0)	–	–	(91.0)
Share-based payment transactions, net of income tax	31	–	4.6	–	–	4.6
Exercise of performance rights	19	–	(4.3)	4.3	–	–
Total transactions with owners		–	(90.7)	4.3	–	(86.4)
Balance as at 31 December 2013		2,058.9	266.6	(0.1)	2.5	2,327.9

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

CONSOLIDATED BALANCE SHEET

As at 31 December 2014	Notes	2014 $m	2013 $m
Current assets			
Cash and cash equivalents	8	218.5	364.0
Trade and other receivables	9	127.8	127.6
Inventories	10	147.7	150.8
Prepayments		6.0	4.0
Total current assets		500.0	646.4
Non-current assets			
Inventories	6,10	105.7	22.0
Investments accounted for using the equity method	11	–	27.1
Investments in equity securities	12	176.8	214.4
Intangible assets - Carrapateena	13	252.2	252.2
Lease receivable	14	42.2	50.2
Property, plant and equipment	6,15	1,331.8	1,304.8
Total non-current assets		1,908.7	1,870.7
Total assets		2,408.7	2,517.1
Current liabilities			
Trade and other payables	16	76.7	133.7
Provisions	17	15.1	10.3
Total current liabilities		91.8	144.0
Non-current liabilities			
Deferred tax liabilities	7	43.1	30.9
Provisions	17	24.7	14.3
Total non-current liabilities		67.8	45.2
Total liabilities		159.6	189.2
Net assets		2,249.1	2,327.9
Equity			
Issued capital	18	2,058.9	2,058.9
Retained earnings		190.2	266.6
Treasury shares	19	–	(0.1)
Foreign currency translation reserve	20	–	2.5
Total equity attributable to equity holders of OZ Minerals Limited		2,249.1	2,327.9

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014	Notes	2014 $m	2013 $m
Cash flows from operating activities			
Receipts from customers		827.5	686.6
Payments to suppliers and employees		(553.5)	(448.3)
Payments for exploration and evaluation		(55.1)	(74.5)
Income tax refund		0.8	6.5
Financing costs and interest paid		(2.5)	(3.6)
Interest received		4.3	12.4
Net cash inflows from operating activities	21	221.5	179.1
Cash flows from investing activities			
Payment for property, plant and equipment	15	(325.9)	(391.3)
Net proceeds from sale of pre-commissioning Malu UG ore concentrates	15	7.9	–
Proceeds from disposal of assets in Cambodia		–	3.5
Payments for investment	11	–	(1.0)
Proceeds from disposal of investments	12	4.5	–
Dividends received	5	3.0	–
Net cash outflows from investing activities		(310.5)	(388.8)
Cash flows from financing activities			
Dividends paid to shareholders	22	(60.6)	(91.0)
Payments for acquisition of treasury shares	19	(0.3)	–
Proceeds from concentrate blending arrangement		26.1	–
Payments for concentrate blending arrangement		(26.1)	–
Net cash outflows from financing activities		(60.9)	(91.0)
Net decrease in cash held		(149.9)	(300.7)
Cash and cash equivalents at beginning of the year		364.0	659.0
Effects of exchange rate changes on foreign currency denominated cash balances		4.4	5.7
Cash and cash equivalents at the end of the year	8	218.5	364.0

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

In 2013, OZ Minerals received shares in Renaissance Minerals Limited to the value of $0.9 million, on disposal of the Cambodia assets. The receipt of these shares constituted non-cash investing activities and accordingly is not included in the Consolidated Statement of Cash Flows above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1 Summary of significant accounting policies

(a) Reporting entity

OZ Minerals Limited (the Company or the parent) is a for-profit company limited by shares, incorporated and domiciled in Australia whose shares are publically traded on the Australian Securities Exchange. The registered office of the Company is at Level 10, 31 Queen Street, Melbourne, 3000, Victoria, Australia. The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its controlled entities and the Consolidated Entity's interest in associates and joint arrangements (together referred to as the 'Consolidated Entity'). The Consolidated Entity is primarily involved in the mining of copper, gold and silver and the conduct of exploration and development projects.

(b) Statement of compliance

These Consolidated Financial Statements are general purpose Financial Statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The Financial Statements of the Consolidated Entity comply with International Financial Reporting Standards ('IFRS') and Interpretations adopted by the International Accounting Standards Board ('IASB').

The Consolidated Financial Statements were authorised for issue by the Directors on 11 February 2015.

(c) Basis of preparation of financial information

(i) Functional and presentation currency

The Consolidated Financial Statements are presented in Australian dollars. Items included in the Financial Statements of OZ Minerals Limited and each of its controlled entities are measured using the currency of the primary economic environment in which the controlled entity operates, the 'functional currency'.

(ii) Historical costs

These Consolidated Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the following items which are measured at fair value:

- financial instruments, including trade receivables and trade payables, at fair value through profit and loss;
- investments in equity securities;
- derivative financial instruments; and
- items of inventory and property, plant and equipment where the historical cost has been written down in accordance with applicable accounting standard requirements.

(iii) Mandatory standards adopted during the year

The following mandatory accounting standards were required to be adopted by the Consolidated Entity during the year:

- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement* which remove the requirements to include individual key management personnel disclosures in the Notes to the Financial Statements, in relation to equity holdings, loans and other related party transactions. The application of the amendments did not have any impact on the Financial Statements, other than removal of duplicated disclosures, as the Consolidated Entity is still required to provide these disclosures in the Remuneration Report under section 300A of the *Corporations Act 2001*.

- AASB 2012-3 *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities* which clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The application of the amendments did not have any impact on the amounts recognised in the Consolidated Financial Statements.

- AASB 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets* which remove the unintended consequences of AASB 13 *Fair Value Measurement* on the disclosures required under AASB 136 *Impairment of Assets.* In addition, these amendments require disclosure of the recoverable amounts of assets or cash-generating units (CGU's) for which an impairment loss has been recognised or reversed during the period. The application of the amendments did not have any impact on the disclosures for impairment of non-financial assets by the Consolidated Entity, as there were no impairment losses or reversals recognised in relation to non-financial assets during the year.

Other mandatory accounting standards and interpretations issued and required to be adopted as of 1 January 2014 have not been included above as they did not have a material impact on the Consolidated Financial Statements.

(iv) Early adoption of standards

The Consolidated Entity did not early adopt any accounting standards during the year.

(v) Issued standards and pronouncements not early adopted

Other than as described below, standards issued and available for early adoption but not applied by the Consolidated Entity or not available for early adoption which will become mandatory in subsequent years are not expected to have a material impact on the Financial Statements of the Consolidated Entity.

At the date of authorisation of the Financial Statements, the following AASB standards and interpretations were in issue but not yet effective:

- *AASB 9 Financial Instruments* (as issued in December 2010), and relevant amending standards.

  AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (Operative date 1 January 2018);

  AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: financial instruments). (Operative date: Part C Financial Instruments – 1 January 2015);

  AASB 2014-1 Amendments to Australian Accounting Standards. (Operative date: Part E: Financial Instruments – 1 January 2015);

  AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (Operative date 1 January 2018)*; and*

  AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]. (Operative date 1 January 2015).

  The Consolidated Entity elected to early adopt AASB 9 Financial Instruments (as issued in December 2009) from 1 January 2010. As permitted under the transitional provisions, the Consolidated Entity elected not to adopt the December 2010 revised version of AASB 9, which addresses the accounting for financial liabilities and de-recognition of financial assets and liabilities. The Consolidated Entity has not yet assessed the full impact of AASB 9 Financial Instruments (as issued in December 2010) and relevant amending standards, as the standards do not apply mandatorily before 1 January 2018.

- *AASB 2014-1 Amendments to Australian Accounting Standards*
  - Part A: Annual Improvements 2010-2013 and 2011-2013 Cycles;
  - Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119);
  - Part C: Materiality;
  - Part D: Consequential Amendments arising from AASB 14; and
  - Part E: Financial Instruments.

  (Operative dates: Parts A-C - 1 July 2014; Part D – 1 January 2016; Part E – 1 January 2015)

- *AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.* Effective for annual reporting periods beginning on or after 1 July 2015 and expected to be initially applied in the financial year ending 31 December 2016.

- The below interpretations are effective for annual reporting periods beginning on or after 1 January 2016 and expected to be initially applied in the financial year ending 31 December 2016.

  AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11];

  AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation Amortisation [AASB 116 & AASB 138];

  AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128];

  AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128];

  AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]; and

  AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049].

- *AASB 15 Revenue from Contracts with Customers.* This standard establishes a new control-based revenue recognition model, changes the basis for deciding whether revenue is to be recognised over time or at a point in time, provides new and more detailed guidance on specific topics such as multiple element arrangements, variable pricing, rights of return, warranties and licensing, and expands disclosures about revenue. The Consolidated entity has not yet assessed the full impact of AASB 15 as the standard does not apply mandatorily before 1 January 2017. However based on the Consolidated Entity's preliminary assessment the Standard is not expected to have a material impact on the transactions and balances recognised in the Financial Statements when it is first adopted for the year ending 31 December 2017.

- *AASB 2014-5 Amendments to Australian Accounting Standards rising from AASB 15.* Effective for annual reporting periods beginning on or after 1 January 2017 and expected to be initially applied in the financial year ending 31 December 2017.

At the date of authorisation of the Financial Statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued:

- Disclosures Initiative – Amendments to IAS 1 *Presentation of Financial Statements*.

The above IASB Standard and IFRIC Interpretation is effective for annual reporting periods beginning on or after 1 January 2016 and expected to be initially applied in the financial year ending 31 December 2016.

(vi) Changes in accounting policies

The accounting policies adopted by the Consolidated Entity are consistent with those of the previous financial reporting period, unless otherwise stated.

(vii) Critical accounting estimates and judgements

The critical accounting estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, income and expenses in future periods are discussed in Note 2 of the Consolidated Financial Statements.

(viii) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Consolidated Financial Statements. Amounts in the Consolidated Financial Statements have been rounded off in accordance with that Class Order in millions of dollars to one decimal place except where rounding to the nearest dollar is required.

(ix) Comparatives

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(x) Operating segments

Operating segments are components of the Consolidated Entity about which separate financial information is available that is evaluated regularly by the Consolidated Entity's key management personnel in deciding how to allocate resources and in assessing performance.

Operating segments have been identified based on information provided to the chief operating decision makers, being the executive management team and the Board of Directors.

The division of the Consolidated Entity's results into segments has been ascertained by reference to direct identification of revenue/cost centres and where interrelated segment costs exist, an allocation has been calculated on a pro rata basis of the identifiable costs.

(d) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities over which the Consolidated Entity is capable of exerting control. The Consolidated Entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where the Consolidated Entity holds less than a majority of the voting rights, other relevant factors are considered in assessing whether power over the entity exists. Factors considered include rights arising from other contractual arrangements, any contractual arrangements with other vote holders as well as the Consolidated Entity's voting and potential voting rights.

The Consolidated Entity reassesses whether it controls an entity if facts and circumstances indicate that there has been a change in one of the factors which indicate control. Subsidiaries are consolidated from the date on which control is assessed to exist until the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between companies controlled by the Consolidated Entity are eliminated on consolidation. Unrealised losses are also eliminated on consolidation unless the transaction provides evidence of the impairment of the asset transferred.

(ii) Associates

Associates are all entities over which the Consolidated Entity has significant influence, but not control, of the financial and operating policies.

Associates are accounted for using the equity method and are initially recognised at cost. The Consolidated Entity's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Consolidated Financial Statements include the Consolidated Entity's share of the income and expenses and equity movements of the equity accounted investees, after adjustments to align the accounting policies with those of the Consolidated Entity, from the date that significant influence commences until the date that significant influence ceases. Dividends received from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Consolidated Entity has a legal or constructive obligation or has made payments on behalf of the investee.

On loss of significant influence any difference between the carrying amount and the fair value of the retained investment and the proceeds from disposal is recognised in the Income Statement.

(iii) Joint arrangements

Joint arrangements are those arrangements over which more than one party including the Consolidated Entity have joint control. Joint control only exists where decision making about the relevant activities requires consent of all parties who share joint control of the arrangement.

Joint operations

A joint operation exists where the parties that hold joint control of an arrangement have rights to the assets and obligations to settle the liabilities. Where material the Consolidated Entity's share of assets, liabilities, revenue and expenses have been incorporated in the Financial Statements under the appropriate headings. In addition any revenue from the sale of the Consolidated Entity's share of output arising from a joint operation is also included in the Consolidated Financial Statements under the appropriate headings.

Joint ventures

A joint venture is an arrangement in which the Consolidated Entity has joint control, whereby the Consolidated Entity holds the right to the net assets of the arrangement rather than rights to assets and obligations for liabilities. Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs and any goodwill arising. Subsequent to the initial recognition, the Consolidated Financial Statements include the Consolidated Entity's share of the profit or loss and Other Comprehensive Income relating to the joint arrangement until such time as joint control ceases. Where necessary, adjustments are made to bring the accounting policies of the joint venture in line with that of the Consolidated Entity. On loss of joint control any difference between the carrying amount and the fair value of the retained investment and the proceeds from disposal is recognised in the Income Statement.

(e) Current versus non-current classification

The Consolidated Entity presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the Consolidated Entity's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  or
- Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Consolidated Entity classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Consolidated Entity's normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Consolidated Entity classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(f) Foreign exchange

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income ('OCI') and accumulated in the translation reserve, except to the extent that the translation difference is allocated to a non-controlling interest ('NCI').

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Consolidated Entity disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Consolidated Entity disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the foreign currency differences arising from such items form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in the translation reserve.

(iii) Companies of the Consolidated Entity

The results and financial position of all entities within the Consolidated Entity (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- income and expenses for each Income Statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- all resulting exchange differences are recognised as a separate component of equity in the foreign currency translation reserve; and
- on consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold a proportionate share of such exchange differences is recognised in the Income Statement as part of the gain or loss on sale where applicable.

While intercompany balances are eliminated on consolidation, any related foreign exchange gains or losses arising between entities that do not have the same functional currency, will not be eliminated. This is because the Consolidated Entity has a real exposure to a foreign currency since one of the entities will need to obtain or sell foreign currency in order to settle the obligation or realise the proceeds received. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(g) Sales revenue

Sale of concentrate and disposal of other assets

Revenue from the sale of concentrate and disposal of other assets is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of risks and rewards to the customer, no further processing is required by the Consolidated Entity, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. This is generally when the concentrates are loaded on to the vessel at the port of shipment.

Contract terms for many of the Consolidated Entity's sales allow for a price adjustment based on a final assay of the concentrates by the customer to determine the metal content. Recognition of the sales revenue for these commodities is based on the most recently determined estimate of product specifications with a subsequent adjustment made to revenue upon final determination.

The terms of concentrate sales contracts with third parties contain provisional pricing arrangements. The selling price for metal in concentrate is based on prevailing spot prices at the time of shipment to the customer and adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement.

These provisionally priced sales contracts contain an embedded derivative that is required to be separated from the host contract for accounting purposes. Accordingly, the embedded derivative, which does not qualify for hedge accounting, is recognised at fair value, with subsequent changes in fair value recognised in the Income Statement in each period until final settlement, as an adjustment to revenue. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable.

The Consolidated Entity enters into sale and repurchase arrangements with certain customers. No revenue is recognised in sale and repurchase arrangements until there has been a transfer of risks and rewards to the ultimate customer.

Revenue is reported net of discounts and pricing adjustments.

(h) Financing income and expenses

Financing income includes:

- interest income on cash and cash equivalents; and
- dividend income from investments in equity securities.

Interest income is recognised as it accrues using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

Financing expenses include:

- interest on short-term and long term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- the impact of the unwind of discount on long term provisions for mine rehabilitation, restoration and dismantling.

Financing expenses are calculated using the effective interest rate method and are expensed as incurred.

(i) Taxes

(i) Income Tax

Income tax expense or benefit

Income tax expense or benefit for the period is the tax payable/recoverable on the current period's taxable income, based on the national income tax rate for each jurisdiction, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements, and any unused tax losses. Current and deferred tax expense attributable to amounts recognised in other comprehensive income or directly in equity is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax offsets to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences, tax losses and offsets, except when the deferred tax asset arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences except if the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint arrangements, except where the Consolidated Entity is able to control the reversal of the temporary difference and it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period when the assets are realised or liabilities are settled, based on those tax rates (and laws) that have been enacted or substantively enacted for each jurisdiction at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation

OZ Minerals Limited and its wholly-owned Australian controlled entities are part of a tax consolidated group. OZ Minerals Limited is the head of the tax consolidated group.

(ii) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), unless the GST incurred is not recoverable from taxation authorities. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, taxation authorities is included with other receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows inclusive of GST. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, taxation authorities are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to taxation authorities. The net of GST payable and receivable is remitted to the appropriate tax body in accordance with legislative requirements.

(j) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term and highly liquid cash deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purposes of the Statement of Cash Flows, cash includes cash on hand, demand deposits, cash equivalents.

(k) Inventories

Stores and consumables, ore and concentrate are stated at the lower of cost and net realisable value.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Cost comprises direct materials, direct labour and a proportion of variable and fixed overhead expenditure which is directly related to the production of inventories, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs. Expenditure directly related to the production of inventories includes processing costs, transportation costs to the point of sale and depreciation of plant and equipment and mining property and development assets the latter of which includes recognised deferred stripping assets and mine rehabilitation costs incurred in the mining extraction process.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value assessment of ore stockpiles considers the expected future ore blend rates, including timing of milling the ore, ore grades and existing market pricing conditions at the time when the finished goods from which the ore stockpiles are used to produce are sold.

Inventories held by third parties in sale and repurchase arrangements are inventories of the Consolidated Entity as it retains the risks and rewards over the asset. The incremental costs in relation to these arrangements, equating to the difference of the fair value of the sale and repurchase transactions, is recognised as processing costs in inventories.

Inventories expected to be processed or sold within twelve months after the balance sheet date are classified as current assets, all other inventories are classified as non-current assets.

(l) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing assets into use. The proceeds from sale of any concentrate produced from ore extracted and processed prior to the asset being deemed ready for use, less any further processing and selling costs incurred is deducted from the cost of the asset. When significant items of plant and equipment are required to be replaced, the Consolidated Entity depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are charged to the Income Statement as incurred.

Land and buildings comprise freehold land, buildings and leasehold improvements including airstrips and earthworks.

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable. After transfer, all subsequent expenditures to develop the mine to the production phase which are considered to benefit mining operations in future periods are capitalised. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine.

The present value of the expected cost of decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Note 1(t) for further information about the recognised decommissioning provision.

The depreciation methods adopted by the Consolidated Entity are shown in the table below:

Category	Depreciation method
Freehold land	Not depreciated
Buildings and other infrastructure	Straight line over life of mine
Short term plant and equipment	Straight line over life of asset
Processing plant	Units of ore milled over total mine reserves
Mine property and development	Units of ore extracted over applicable reserves to which the asset relates

Depreciation of assets commences when the assets are ready for their intended use. The depreciation of mine, property and development commences when the mine starts commercial production.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting period and adjusted prospectively, if appropriate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method, with the change accounted for as a change in accounting estimate.

Items of property, plant and equipment initially recognised are derecognised upon disposal or when no future economic benefits are expected from their continued use. Any gain or loss arising on the disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as other income or other expenses in the Income Statement.

(i) Stripping (waste removal) costs

The Consolidated Entity incurs stripping (waste removal) costs both during the development phase and production phase of its mining operations.

Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a units of production method. The capitalisation of development stripping costs ceases when the mine/component commences production. After the commencement of production further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. In these instances the costs of such stripping are also accounted for in the same way as development stripping, as outlined above.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory ('ore') or improved access to the ore to be mined in the future. Where the benefits are realised in the form of ore produced in the period, the production stripping costs are accounted for as part of the cost of producing those ore inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are capitalised as a non-current stripping activity asset, referred to as a 'deferred mining asset', if the following criteria are met:

- Future economic benefits (being improved access to the ore body) are probable;
- The component of the ore body for which access will be improved can be accurately identified; and
- The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the Income Statement as operating costs as they are incurred.

A component is a specific part of the ore body that is made more accessible as a result of the stripping activity. The Consolidated Entity identifies and determines the component(s) of an ore body based on mine plans and regularly reviews those plans for any changes. Any changes are applied prospectively.

Deferred mining costs are initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of deferred mining costs.

If the mining costs are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the ore produced and the deferred mining costs. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Consolidated Entity allocates costs on the basis of the relative volume of waste mined in a period which exceeds the remaining waste-to-ore stripping ratio at the beginning of the period applicable to the component.

Deferred mining costs are accounted for as an addition to, or an enhancement of, an existing asset, being mine property and development, and are presented as part of 'Property, Plant and Equipment' in the Balance Sheet. These forms part of the total investment in the relevant cash generating unit(s), reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

Deferred mining costs are subsequently depreciated using the units of production method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Deferred mining costs are then carried at cost less depreciation and any impairment losses.

(ii) Exploration and evaluation expenditure

Exploration and evaluation expenditure is recognised in the Income Statement as incurred, unless the expenditure is expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale, in which case it is recognised as an asset on an area of interest basis.

Exploration and evaluation assets are classified as tangible (as part of property, plant and equipment) or intangible according to the nature of the assets. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of the impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. A cash generating unit ('CGU') is not larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property and development assets within property, plant and equipment.

(iii) Earn in arrangements

From time to time the Consolidated Entity enters into arrangements which enable it the opportunity to explore on, and potentially earn the right to mineralisation if discovered on underlying exploration tenements held by other entities (earn in arrangements). Expenditure incurred under earn in arrangements is expensed as incurred. Under the agreements OZ Minerals does not assume any liabilities or hold any rights to other assets that the holder of the tenement may possess.

(m) Leases

At inception of an arrangement which requires the use of a specific asset and contains a right to use the asset, the Consolidated Entity determines whether such an arrangement is or contains a lease. The payments and other considerations required by such an arrangement relating to a lease and other elements are separated on the basis of relative fair values and recognised as a lease asset or liability.

Lessee

(i) Finance Leases

Leases of property, plant and equipment, where the Consolidated Entity has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease inception at the lower of the fair value of the leased property and the present value of the minimum future lease payments. The corresponding rental obligations, net of finance charges, are included as interest bearing liabilities. Each lease payment is allocated between a reduction in the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

If the Consolidated Entity concludes for a finance lease that it is not possible to separate payments reliably, an asset and a liability equal to the fair value of the underlying asset is recognised. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Consolidated Entity's incremental borrowing rate. The property, plant and equipment acquired under a finance lease is depreciated over the shorter of the asset's useful life and the lease term.

(ii) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

Lessor

Leases in which the Consolidated Entity transfers substantially all the risks and rewards of ownership of an asset are classified as finance leases. Where a finance lease is provided, the item of equipment is derecognised and the present value of the minimum lease payments receivable are recognised as a lease receivable. Contingent rents are recognised as revenue in the period in which they are earned.

(n) Intangibles

(i) Acquired mineral rights

Acquired mineral rights comprise exploration and evaluation assets including ore reserves and mineral resources which are acquired as part of:

- business combinations recognised at fair value at the date of acquisition; and/or
- asset acquisitions recognised at cost.

The acquired mineral rights are reclassified as mine property and development from commencement of development and amortised when commercial production commences on a unit of production basis over the estimated economic reserve of the mine, in accordance with Note 1(l).

(ii) Computer software

Costs incurred in acquiring software and licences that will contribute to future period financial benefits through cost reduction are capitalised to software and systems. Amortisation is calculated on a straight line basis over the useful life, ranging from three to five years.

(o) Non-derivative financial instruments

Financial assets and liabilities are recognised when a group entity becomes party to the contractual provisions of the instrument.

(i) Financial assets

Initial recognition and measurement

The Consolidated Entity classifies its financial assets into the following categories:

- Financial assets at fair value through other comprehensive income;
- Financial assets at fair value through profit and loss; and
- Loans and receivables at amortised cost.

A financial asset is classified at amortised cost if it is held within a business model in which the objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

The Consolidated Entity's trade receivables are recorded at fair value in accordance with the policy set out in Note 1(g) and 1(r).

Financial assets measured at amortised cost are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into the following specific categories:

- Financial assets at fair value through other comprehensive income;
- Financial assets at fair value through profit and loss; and
- Loans and receivables at amortised cost.

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value include investments in equity instruments which are not held for trading. The Consolidated Entity recognises fair value changes in Other Comprehensive Income as it irrevocably elects to do so at initial recognition. Amounts classified in Other Comprehensive Income are never reclassified to profit and loss at a later date. Dividends from investments in equity instruments are recognised in profit and loss as part of finance income, rather than Other Comprehensive Income, unless they clearly represent a partial recovery of the cost of the investment.

Financial assets at fair value through profit and loss

Trade receivables are carried at fair value. Provisional payments in relation to trade receivables are usually due for settlement within 30 days from the date of recognition, with any mark to market adjustment due for settlement usually within 60 days. Concentrate sales receivables are recognised in accordance with Note 1(g). Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans and receivables at amortised cost

These assets consist of lease receivables and other receivables. Subsequent to initial recognition these assets are measured at amortised cost using the effective interest method.

Impairment of financial assets

A financial asset measured at amortised cost is assessed at each reporting date as to whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of financial assets measured at amortised cost is recognised in the Income Statement and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

In the event that an impairment loss is reversed, it will be to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Income Statement.

De-recognition of financial assets

The Consolidated entity de-recognises a financial asset or part of it when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On de-recognition of a financial asset, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the income Statement.

(ii) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Consolidated Entity's financial liabilities include trade and other payables and financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the theoretical cash flows arising if the contract was to be sold on market as an arm's length transaction.

Other financial liabilities

Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

Trade payables in relation to sale and repurchase arrangements are carried at fair value. Provisional payments in relation to trade payables are usually due for settlement within 30 days from the date of recognition, with any mark to market adjustment due for settlement usually within 60 days.

De-recognition of financial liabilities

The Consolidated Entity derecognises financial liabilities when its obligations are discharged, cancelled or expire. The difference between the carrying amount of the liability derecognised and the consideration paid and payable is recognised in the Income Statement.

(iii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and if there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(p) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in the fair value of any derivative instrument are recognised immediately in the Income Statement and are included in other income or expenses.

Where an embedded derivative is identified and the derivative's risks and characteristics are not considered to be closely related to the underlying host contract, the fair value of the derivative is recognised on the Balance Sheet and changes in the fair value of the embedded derivative are recognised in the Income Statement.

(q) Impairment of non-financial assets

Assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset or CGU carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or CGU. Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of impairment at each reporting date.

The asset or CGU value in use is the net amount expected to be recovered through the cash flows arising from its continued use and subsequent disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The asset's fair value less costs to dispose is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the estimated costs of disposal. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Any impairment to the carrying amount of an asset or CGU is recognised as an expense in the Income Statement in the reporting period in which the recoverable amount write down occurs. Where this assessment of impairment indicates a loss in value of the assets or CGU of an operation, an appropriate write down is made. No assets or CGU are carried in excess of their recoverable amount. The recoverable amount of the Consolidated Entity's operations is subject to variation because of changes in global metal prices and exchange rates.

(r) Fair value measurement

The Consolidated Entity measures financial instruments and applicable non-financial assets at fair value at each reporting date.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes. The fair value of financial instruments traded in active markets, such as publicly traded derivatives, and investments in equity securities, excluding investments in associates, is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using recognised valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Option contracts are fair valued using an option pricing model and prevailing market quoted economic variables existing at the balance date. Interest rate swaps are fair valued by determining the theoretical gain or loss had the swap contracts been terminated on market at the balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

The fair value of trade receivables and trade payables of sale and repurchase arrangements is determined with reference to quoted market prices adjusted for specific settlement terms in sales and purchase contracts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written down to the amounts expected to be received. Any adjustment due to collectability is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered when estimating fair value adjustments arising from assessment of a debtor's collectability. Any adjustments to the fair value of trade receivables are recognised through profit or loss.

The fair value of non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Consolidated Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(s) Employee benefits

(i) Wages and salaries and short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, inclusive of on costs, when the liabilities are settled. The expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long term employee benefits

Long term employee benefits include annual leave liabilities which are expected to be settled in the period greater than twelve months from balance date and long service leave liabilities. Other long term benefits are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Defined contribution plans

Contributions are made by the Consolidated Entity to individual defined contribution superannuation plans of each director and employee and amounts are charged as an expense in the Income Statement when incurred.

(iv) Employee bonuses

A provision is recognised for the amount expected to be paid under short-term bonus entitlements if the Consolidated Entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the director or employee and the obligation can be estimated reliably.

(v) Share-based payment transactions

The fair values of share-based payment transactions are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised as an expense over the period during which the employees become unconditionally entitled to the share-based payment transactions.

The fair value at grant date is independently determined using the Binomial Approximation Option Valuation Model and Monte-Carlo Simulation Valuation Model for Performance Rights Plans and Long-Term Incentive Plans respectively. These models take into account the exercise price, the term of the share-based payment transactions, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the underlying instrument.

The fair values of the share-based payment transactions granted are adjusted to reflect market vesting conditions, but exclude the impact of any service or non-market vesting conditions (for example, profitability or production targets). Non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of share-based payment transactions that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Income Statement with a corresponding adjustment to equity.

The fair values of the share-based payment transactions do not necessarily relate to the actual values that may be received in future by the recipients. Information relating to these schemes is set out in Note 31 to the Consolidated Financial Statements.

(t) Mine rehabilitation, restoration and dismantling obligations

Provisions relating to mine rehabilitation, restoration and dismantling obligations are recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. Provisions are made for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during mining and exploration operations up to the reporting date but not yet rehabilitated.

Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated costs include the current cost of rehabilitation necessary to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

The provision is recognised as a liability, separated into current (estimated costs arising within twelve months) and non-current components based on the expected timing of these cash flows. A corresponding asset is included in mine property and development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised over the life of the mine.

Changes in the liability relating to mine rehabilitation, restoration and dismantling obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the entity), other than the unwinding of the discount which is recognised as financing expenses in the Income Statement. Changes to capitalised cost result in an adjustment to future depreciation charges.

The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances.

(u) Provisions

Provisions for legal claims and other liabilities are recognised when:

- the Consolidated Entity has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised in the Income Statement as financing expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Consolidated Entity from a contract is lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(v) Dividends payable

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(w) Issued capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When share capital is repurchased, for example as the result of a share buyback plan, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity, net of any tax effects. When share capital is reduced, it is recognised as a deduction to issued capital against retained earnings. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Consolidated Entity's own shares.

Treasury shares

Shares bought and held by Employee Share Plan Trust to meet the Consolidated Entity's obligation to provide shares to employees in accordance with the terms of their employment contracts and employee share plans as and when they may vest, are classified as treasury shares and are presented as a deduction from total equity, until the shares are cancelled or reissued.

(x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to equity holders of the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2 Critical accounting estimates and judgements

The preparation of the Consolidated Financial Statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies.

Estimates and judgements used in developing and applying the Consolidated Entity's accounting policies are continually evaluated and are based on experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from the actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of assets

The recoverable amount of each 'cash-generating unit' or 'investment in associate', is determined as the higher of the asset's fair value less costs to dispose and its value in use in accordance with the accounting policy in Note 1(q). Value in use and fair value less cost to dispose assessments require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, future capital requirements and future operating performance, as well as the value that a market participant would place on any resources which have yet to be proven as reserves associated with the CGU.

Inventories are recognised at the lower of cost and net realisable value which is calculated in accordance with the accounting policy in Note 1(k). The computation of net realisable value involves significant judgements and estimates in relation to future ore blend rates, processing costs, commodity prices, foreign exchange rates, timing of processing and sale and other assumptions.

A change in any of the critical assumptions listed will alter the value as initially determined and may therefore impact the carrying value of assets in the future.

Mine rehabilitation, restoration and dismantling obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of mining areas from which natural resources have been extracted in accordance with the accounting policy in Note 1(t). These provisions which include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition of equipment, decontamination, water purification and permanent storage of historical residues, are discounted to their present value.

At each reporting date the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation, restoration and dismantling provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates.

The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Ore reserves and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long term exchange rates, estimates of short and long term commodity prices, future capital requirements and future operating performance. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment including deferred mining expenditure, intangible assets, provisions for mine rehabilitation, restoration and dismantling obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the Income Statement. The changes in the carrying value of the assets noted may arise principally through changes in the income that can be economically generated from each project. Changes in depreciation may arise to due to the value of property, plant and equipment being depreciated over ore reserves.

Exploration and evaluation expenditure

The application of the Consolidated Entity's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Stripping (waste removal) costs

The Consolidated Entity incurs production stripping costs to the extent they provide access to ore expected to be mined in the future. Significant judgement is required to distinguish between the production stripping which relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Significant judgement is also exercised in identifying the component(s) of the ore body in the open pit which impacts the manner in which deferred stripping costs are capitalised and depreciated.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Consolidated Entity considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s).

Status of asset commissioning

The Consolidated Entity assesses the stage of each mine under construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the status of commissioning are based on the unique characteristics of each project. Some of the criteria used to identify the status of commissioning include, but are not limited to completion of a reasonable period of testing of the mine plant and equipment, the ability to produce metal in saleable form (within specifications) and the ability to sustain ongoing production of metal.

When a mine development/construction project moves into the production phase, the capitalisation of certain mine development/construction costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. At this point all related amounts are reclassified from capital work in progress to mine property and development and depreciation/amortisation commences.

Income tax and deferred tax assets and liabilities

The Consolidated Entity is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the group provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain for which provisions are based on estimated amounts. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which the determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

Assumptions about the generation of future taxable profits depend on estimates of future cash flows. These estimates are based on future production and sales volumes, operating costs, restoration costs, capital expenditure and other capital transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, which may impact the amount of deferred tax assets and liabilities recognised and the amount of other tax losses and temporary differences not yet recognised.

Functional currency

An entity's functional currency is the currency of the primary economic environment in which the entity operates. Determination of an entity's functional currency requires management's judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations which impact sales prices. In addition, consideration must be given to the currency in which financing and operating activities are undertaken.

Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. Determination of the Consolidated Entity's contingent liabilities disclosed in the Consolidated Financial Statements requires the exercise of significant judgement regarding the outcome of future events.

Investments in subsidiaries and associates

The Consolidated Entity holds a number of investments. In accordance with accounting policy Note 1(d)(i) a judgement is required in assessing whether power over the investee exists where the Consolidated Entity holds less than a majority of the voting rights. Factors considered include rights arising from other contractual arrangements, any contractual arrangements with other vote holders as well as the Consolidated Entity's voting and potential voting rights. The Consolidated Entity reassesses whether it controls an entity if facts and circumstances indicate that there has been a change in one of the factors which indicate control.

The Consolidated Entity exercised judgement in the application of AASB 128 *Investments in Associates and Joint Ventures* in assessing the accounting treatment of the Consolidated Entity's investment in Toro Energy Limited ('Toro'). This involved determining whether OZ Minerals continued to exercise significant influence over Toro in the light of a dilution of OZ Minerals' percentage interest in Toro's shareholding and changes to its representation on the Toro board, despite continuing to hold more than twenty percent of Toro's voting rights. The application of AASB 128 resulted in the discontinuation of the equity method of accounting for this investment as it was determined that the Consolidated Entity's significance influence of the financial and operating policies of Toro ceased during the reporting period. Refer Note 11 to the Consolidated Financial Statements.

3 Operating segments

Segments

The Consolidated Entity operates the Prominent Hill Mine, a copper-gold mine located in the Gawler Craton of South Australia, approximately 650 kilometres north-west of Adelaide and 130 kilometres south-east of Coober Pedy. The principal activities of the Consolidated Entity are mining of copper, gold and silver, carrying out exploration activities and development of mining projects. The exploration and development activities are mainly in South Australia and include the Carrapateena project.

The Prominent Hill Mine generates revenue from the sale of concentrate products containing copper, gold and silver to customers in Asia, Europe and Australia. Other activities include the Consolidated Entity's Group Office (which includes all corporate expenses that cannot be directly attributed to the operation of the Consolidated Entity's operating segment), other investments in equity securities (refer Note 12 to the Consolidated Financial Statements) and exploration projects including Carrapateena.

Segment results

Segment information that is evaluated by key management is prepared in conformity with the accounting policies adopted for preparing the Financial Statements of the Consolidated Entity which are reported under *International Financial Reporting Standards* ('IFRS'), and includes Underlying EBITDA, Underlying EBIT, Underlying EBT and Underlying NPAT which are used to measure segment performance. These measures are used internally by management to assess performance of the business, make decisions on allocating resources and assess operational management.

For the year ended	Prominent Hill Mine 2014 $m	Other activities 2014 $m	Total 2014 $m	Prominent Hill Mine 2013 $m	Other activities 2013 $m	Total 2013 $m
Revenue from sale of concentrates	831.0	–	831.0	644.0	–	644.0
Net gain on sale of assets in Cambodia	–	–	–	–	0.9	0.9
Net foreign exchange gains	9.1	10.2	19.3	14.7	26.2	40.9
Changes in inventories of ore and concentrate	78.7	–	78.7	25.0	–	25.0
Consumables, concentrate purchases and other direct costs	(353.4)	–	(353.4)	(343.5)	–	(343.5)
Employee benefit expenses	(49.2)	(20.0)	(69.2)	(59.3)	(19.2)	(78.5)
Exploration and evaluation expenses	–	(55.1)	(55.1)	(3.5)	(71.0)	(74.5)
Freight expenses	(45.6)	–	(45.6)	(40.3)	–	(40.3)
Royalties expense	(23.5)	–	(23.5)	(9.5)	–	(9.5)
Share of net loss of investment in Toro	–	(1.5)	(1.5)	–	(1.3)	(1.3)
Inter-segment (expense)/income	(12.8)	12.8	–	(14.5)	14.5	–
Other expenses	(12.9)	(26.7)	(39.6)	(23.5)	(23.9)	(47.4)
Underlying earnings/(loss) before interest, income tax, depreciation and amortisation ('EBITDA') from continuing operations	421.4	(80.3)	341.1	189.6	(73.8)	115.8
Depreciation and amortisation expenses	(292.7)	(3.4)	(296.1)	(215.3)	(3.2)	(218.5)
Underlying earnings/(loss) before interest and income tax ('EBIT') from continuing operations	128.7	(83.7)	45.0	(25.7)	(77.0)	(102.7)
Net financing (expense)/income	(1.2)	4.8	3.6	(1.9)	8.9	7.0
Underlying earnings/(loss) before income tax ('EBT') from continuing operations	127.5	(78.9)	48.6	(27.6)	(68.1)	(95.7)
Income tax (expense)/benefit on underlying earnings/(loss) before tax from continuing operations			(18.3)			33.2
Underlying net profit/(loss) after tax from continuing operations			30.3			(62.5)
Exchange gain on de-recognition of foreign currency translation reserve, net of tax			2.6			–
Gain on revaluation of investment to fair value upon discontinuation of equity method, net of tax			8.7			–
Write-down of assets, net of tax – Note 6			–			(231.9)
Net profit/(loss) after tax from continuing operations			41.6			(294.4)
Profit from discontinued operation – Note 7			6.9			–
Net profit/(loss) for the year attributable to equity holders of OZ Minerals Limited			48.5			(294.4)

Information about geographical areas and products	Asia $m	Europe $m	Australia $m	Consolidated $m
31 December 2014				
Sales of copper	349.0	228.8	36.7	614.5
Sales of gold	122.1	71.3	10.3	203.7
Sales of silver	8.5	3.6	0.7	12.8
Total revenue	479.6	303.7	47.7	831.0
31 December 2013				
Sales of copper	293.8	187.8	–	481.6
Sales of gold	83.6	68.2	–	151.8
Sales of silver	6.3	4.3	–	10.6
Total revenue	383.7	260.3	–	644.0

The revenue information above is based on the location of the customers' operations.

Major customers who individually accounted for more than ten percent of total revenue contributed approximately 67 percent of total revenue (2013: 92 percent).

As at 31 December 2014 and 2013, no significant assets or liabilities were located outside Australia.

4 Expenses

Employee benefit expenses include contributions to defined contribution plans of $5.0 million (2013: $5.9 million).

The royalty rate of 1.5 percent of revenue for the initial five years of a new mine in South Australia increased to five percent from August 2014. This resulted in the increase in royalties expense from $9.5 million in 2013 to $23.5 million in 2014.

5 Net financing income

	Note	2014 $m	2013 $m
Financing income			
Interest income from cash and cash equivalents		4.3	12.4
Dividend from investment in equity securities		3.0	–
Total financing income		7.3	12.4
Financing expenses			
Bank charges on borrowing facilities		(2.5)	(3.6)
Discount unwind on provisions	17	(1.2)	(1.8)
Total financing expenses		(3.7)	(5.4)
Net financing income		3.6	7.0

6 Write-down of assets

	Pre tax	Tax impact	Post tax	Pre tax	Tax impact	Post tax
	2014 $m	2014 $m	2014 $m	2013 $m	2013 $m	2013 $m
Inventories	–	–	–	106.3	(31.9)	74.4
Property, plant and equipment	–	–	–	225.0	(67.5)	157.5
Total write-down of assets	–	–	–	331.3	(99.4)	231.9

The Consolidated Entity performs an impairment assessment whenever there is an indication of possible impairment.

During the year the Consolidated Entity performed a detailed impairment assessment of the Prominent Hill Mine Cash Generating Unit ('CGU'). This was triggered by the Consolidated Entity's market capitalisation remaining below its net assets value. Pursuant to the detailed assessment, no impairment adjustment was required at 31 December 2014 (31 December 2013: $331.3 million pre-tax).

Inventory net realisable value write-down in 2013

Inventory is recognised at the lower of cost and net realisable value.

During the first half of 2013, pursuant to an inventory net realisable value assessment, the Consolidated Entity recognised an inventory write-down of $106.3 million in respect of low grade gold ore stockpiles. For inventory write-down during 2014, refer to Note 10 to the Consolidated Financial Statements.

Net realisable value was calculated as the estimated future sales price of the concentrate that the Consolidated Entity expects to realise when the gold ore is processed and sold, less incremental estimated costs to convert the gold ore to concentrate.

Write-down of property, plant and equipment in 2013

The impairment write-down in 2013 was necessitated by a combination of factors, including lower expected prices for copper and gold in the near term, offset by lower Australian dollar to US dollar exchange rates. In addition, asset carrying values were higher as a result of the capitalisation of work towards developing the new Malu Underground mine, deferred waste movements in the Malu open pit, and remediation of the south wall overburden slip in the open pit. Pursuant to the detailed assessment, an impairment loss of $225.0 million was recognised in relation to the Prominent Hill CGU. The asset write-down was attributable to the Prominent Hill segment, refer Note 3 to the Consolidated Financial Statements for description of Prominent Hill operations. The allocation of the impairment write-down by asset class is included in Note 15 to the Consolidated Financial Statements.

Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of the Prominent Hill CGU was determined based on its Fair Value less Costs to Dispose (FVLCTD) as this was higher than its Value In Use (VIU). The accounting standards state that an assets recoverable amount is the higher of its FVLCTD and VIU.

The assessment of FVLCTD was performed using an internal valuation, based on discounted cash flows ('DCF') of Board approved budgets and mine plan, using a real post tax discount rate of 9.2 percent (2013: 9.0 percent). The discount rate was adopted to reflect market conditions which would be applied by a market participant in considering the value of the CGU.

In addition, because the budget and mine plan approved by the Board did not model utilisation of the full existing mineral resource for the Prominent Hill Mine CGU, the FVLCTD assessment included an estimate of the value of this un-modelled resource, by applying an appropriate resource multiple for the contained copper equivalent within these un-modelled resources which are associated with the Kalaya and Malu deep zones.

The costs to dispose in respect of the FVLCTD assessment have been estimated by the Consolidated Entity based on prevailing market conditions.

The FVLCTD assessment does not include any estimate of exploration potential at or near the Prominent Hill CGU.

The DCF calculation included a number of significant assumptions, including assumptions regarding commodity prices, foreign exchange rates and risk adjustments to future cash flows. Commodity prices, exchange rates, reserves and resources, and expectations regarding future operating performance can change significantly over short periods of time, which can have a significant impact on the valuation. The Consolidated Entity considered information available from industry analysts and commentators in relation to short and long term commodity prices and forward exchange rates. Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements were sourced from the Company's planning process documents, including LOM plans, and budgets. The budget and mine plan were developed in the context of the current market environment and outlook. Operating and capital costs in the DCF are based on the Consolidated Entity's latest Board approved budget and mine plan.

Mineral resources which are not modelled in the Board approved budget (un-modelled resources) have been included in the assessment of FVLCTD by applying an appropriate resource valuation multiple to the contained copper equivalent within these resources. This is because observable market inputs such as the implied value per unit of contained copper of comparable sized projects or companies provides evidence of what market participants have paid for comparable projects. This resource valuation multiple has been estimated from publicly available information on share trading in comparable ASX listed companies and recent transactions involving comparable operations. While the un-modelled resources related to the Prominent Hill CGU are not yet developed, given that the potential for development represents an extension to the existing operations, the Consolidated Entity has primarily considered publicly available information from comparable exploration and development companies and transactions and placed less weight on the information from comparable producing companies. The Consolidated Entity has also obtained appropriate external advice in making this judgement.

The value of un-modelled resources as a percentage of the assessed fair value for the Prominent Hill CGU is 4 percent (2013: 17 percent).

Sensitivity

Any variation in the key assumptions used to determine FVLCTD would result in a change of the assessed FVLCTD. If the variation in assumption had a negative impact on FVLCTD, it could in the absence of other factors indicate a requirement for additional impairment to non-current assets.

7 Income tax

	2014 $m	2013 $m
Income tax (expense)/benefit in the Income Statement		
Current income tax benefit	0.8	1.4
Deferred income tax (expense)/benefit	(12.2)	131.2
Income tax (expense)/benefit	(11.4)	132.6
Numerical reconciliation of income tax (expense)/benefit to pre-tax profit/(loss)		
Profit/(loss) from continuing operations before income tax	59.9	(427.0)
Income tax (expense)/benefit at the Australian tax rate of 30 percent	(18.0)	128.1
Adjustments to profit/(loss) before income tax		
Non-deductible expenditure	(2.2)	(1.9)
Non-assessable income	4.0	2.3
Revision for prior periods	4.8	4.1
Income tax (expense)/benefit	(11.4)	132.6
Income tax is attributable to:		
Continuing operations	(18.3)	132.6
Discontinued operation	6.9	–
Income tax (expense)/benefit	(11.4)	132.6

The $6.9 million income tax attributable to discontinued operation represents a tax-effected benefit arising from amendments following retrospective changes to interpretation of tax law by the Australian Taxation Office. These amendments relate to an operation that was disposed of in 2009. There was no profit before tax attributable to discontinued operations.

Deferred tax assets and liabilities

	Opening balance $m	Recognised in income statement $m	Closing balance $m
2014			
Unrestricted tax losses and offsets	109.7	(35.0)	74.7
Restricted tax losses	53.4	1.0	54.4
Depreciation and amortisation	(211.4)	31.9	(179.5)
Inventories	7.2	(12.5)	(5.3)
Provisions and accruals	7.4	2.7	10.1
Other	2.8	(0.3)	2.5
Net deferred tax liabilities	(30.9)	(12.2)	(43.1)
2013			
Unrestricted tax losses and offsets	–	109.7	109.7
Restricted tax losses	54.0	(0.6)	53.4
Depreciation and amortisation	(225.0)	13.6	(211.4)
Inventories	5.1	2.1	7.2
Provisions and accruals	9.3	(1.9)	7.4
Other	(5.5)	8.3	2.8
Net deferred tax liabilities	(162.1)	131.2	(30.9)

The Consolidated Entity recognises deferred tax assets for deductible temporary differences, unused tax losses and tax offsets only when it is probable that taxable amounts will be available in the near future to utilise those temporary differences, losses and offsets. The Consolidated Entity has assessed that it is probable that future taxable profits will be available to utilise the recognised deferred tax assets.

Unrestricted tax losses and tax offsets – these recognised tax losses and tax offsets have no restrictions.

Restricted tax losses – these recognised tax losses were transferred into the OZ Minerals Australian tax group on consolidation of the acquired Zinifex group in July 2008 and are subject to a restricted available fraction of current year taxable income which restricts the amount of these losses that can be utilised each year. Restricted tax losses may only be utilised after unrestricted tax losses are utilised. Under the current tax legislation these restricted tax losses do not have an expiry date.

Restricted tax losses of $191.4 million tax effected (31 December 2013: $191.4 million tax effected) continue to be unrecognised in the Balance Sheet at 31 December 2014.

Gross capital losses of $1,965.5 million (31 December 2013: $1,954.0 million) continue to be unrecognised in the Balance Sheet at 31 December 2014.

8 Cash and cash equivalents

	2014 $m	2013 $m
Short term highly liquid cash deposits	166.3	331.5
Cash on hand and demand deposits	52.2	32.5
Total cash and cash equivalents	218.5	364.0

9 Trade and other receivables

Trade receivables	120.1	116.6
Other receivables	7.7	11.0
Total trade and other receivables	127.8	127.6

10 Inventories

Concentrates – at cost	33.5	60.5
Ore stockpile – at cost	89.1	67.1
Stores and consumables – at cost	25.1	23.2
Inventories – current	147.7	150.8
Ore stockpile – non-current at cost	32.5	–
Ore stockpile – non-current at net realisable value	73.2	22.0
Inventories – non current	105.7	22.0
Total inventories	253.4	172.8

During the year stores and consumables inventories were written-down by $0.5 million (2013: nil).

Non-current inventories represent those ore stockpiles expected to be milled in a period greater than twelve months from 31 December 2014. In 2014, the Consolidated Entity recognised a net realisable value write-down of pre tax $57.1 million on non-current ore stockpiles (2013: $119.9 million pre-tax, of which $106.3 million was recognised in the first half of 2013 and $13.6 million was in the second half of 2013). Refer Note 6 to the Consolidated Financial Statements for net realisable value write-down of $106.3 million recognised in the first half of 2013.

11 Investments accounted for using the equity method

Opening carrying amount	27.1	27.4
Share of net loss after tax of Toro	(1.5)	(1.3)
Acquisition of shares	–	1.0
Gain on revaluation of investment to fair value upon discontinuation of equity method	8.7	–
Reclassification of investment to investments in equity securities – Note 12	(34.3)	–
Closing carrying amount	–	27.1

The Consolidated Entity accounted for its investment in Toro Energy Limited ('Toro') using the equity method until 22 December 2014. As at 22 December 2014, the Consolidated Entity discontinued the equity method of accounting for its investment in Toro although the Consolidated Entity held 22.2 percent of Toro's issued capital as at that date. OZ Minerals assessed it no longer has significant influence over Toro based on, amongst other things, the reduction in the Consolidated Entity's holding from 28.1 percent to 22.2 percent and resignation of its representative on the Toro board.

At the date of discontinuing the equity method of accounting on 22 December 2014, the Consolidated Entity recognised a gain of $8.7 million in its Income Statement representing the difference between the fair value of its retained interest in Toro and the carrying amount of its investment. Additionally the investment was re-classified as investments in equity securities with subsequent changes in fair value recognised in Other Comprehensive Income.

Summarised financial information of Toro

Toro is a uranium exploration company listed on the ASX. The Consolidated Entity held 422,759,378 shares in Toro as at 22 December 2014 (31 December 2013: 422,759,378 shares), which equated to an interest of 22.2 percent as at 22 December 2014 (31 December 2013: 28.1 percent). During the year, the Consolidated Entity acquired no additional shares (2013: 12,500,000 for $1.0 million). The share price of Toro as at 22 December 2014 was 8.1 cents per share (31 December 2013: 8.0 cents per share).

At the date of this report, Toro has yet to complete its Interim Financial Statements as at 31 December 2014 and therefore summarised financial information on Toro at 31 December 2014 is not included in these Financial Statements. The following information is based on the Toro Financial Statements for the year ended 30 June 2014, which are Toro's latest publicly released Financial Statements which have been subject to independent audit:

	Assets $m	Liabilities $m	Revenue $m	Net loss after tax $m
Toro Energy Limited	137.6	10.2	0.4	(8.1)

12 Investments in equity securities

	Note	2014 $m	2013 $m
Opening carrying amount		214.4	288.6
Additions		–	1.4
Reclassification	11	34.3	–
Disposals		(4.5)	–
Net change in fair value recognised in other comprehensive income		(67.5)	(76.3)
Foreign exchange differences		0.1	0.7
Closing carrying amount		176.8	214.4

The carrying value of the investments in equity securities of $176.8 million at 31 December 2014 (2013: $214.4 million) was made up of investments in Sandfire Resources NL of $136.2 million (2013: $193.3 million), Toro Energy Limited of $33.8 million (2013: nil, as OZ Minerals equity accounted for Toro), Beadell Resources Limited of $2.8 million (2013: $10.1 million), Renaissance Minerals Limited of $2.8 million (2013: $3.0 million) and other investments amounting to $1.2 million (2013: $8.0 million).

During the year the Consolidated Entity disposed of its investments in IMX Resources Limited, EMED Mining Public Limited, Peel Mining Limited and Aurelia Metals Limited. The carrying value of these investments on the date of disposal amounted to $4.5 million. The cumulative loss on these investments was $18.1 million, which represents the change in the fair value from acquisition date up to the disposal date. The cumulative loss was recognised in the Other Comprehensive Income.

These investments are carried at fair value using a Level 1 valuation method as stipulated by AASB 13 *Fair Value Measurement* which is based on share prices quoted on the relevant stock exchanges.

13 Intangible assets

Exploration assets	252.2	252.2

Exploration assets represent acquisition of the Carrapateena copper-gold project in South Australia valued at cost. The terms of this asset acquisition provide for two further payments by OZ Minerals to vendors upon commercial production being reached. The first payment of US$50.0 million is payable on first commercial production of copper, uranium, gold or silver. The second payment of US$25.0 million is payable on first commercial production of rare earths, iron or any other commodity. The further payments amounting to US$75.0 million do not constitute a liability in accordance with the accounting standards as OZ Minerals can control whether the amounts will ever be paid. Therefore the amounts are not required to be recognised as a liability in the Consolidated Financial Statements for the year ended 31 December 2014.

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

14 Lease receivable

Finance lease receivable	42.2	50.2

In 2012 the contract with Thiess Pty Ltd for the provision of mining services to OZ Minerals' Prominent Hill mining operations was renewed for six years. Ancillary to this contract, OZ Minerals agreed to purchase certain mining equipment and effectively lease this back to Thiess on an interest free basis for Thiess to use in the provision of the mining services. Upon termination of the mining services contract, Thiess will re-purchase this equipment. This is expected to result in overall cost savings compared to the provision of this equipment through the mining services contract.

The consideration paid to acquire the mining equipment will be recovered by OZ Minerals progressively over the mining services contract through a reduced mining services charge by Thiess to OZ Minerals. Upon termination of the mining services contract, any carrying value of lease receivable will be recovered by resale of the equipment to Thiess.

The finance lease receivable of $42.2 million as at 31 December 2014 comprises $50.2 million from the comparative year, less $8.0 million (2013: $9.4 million) amortisation of the finance lease receivable during the year.

15 Property, plant and equipment

2014	Plant and equipment $m	Mine property and development $m	Freehold land and buildings $m	Capital work in progress $m	Total $m
At cost	1,122.5	1,246.9	186.3	118.0	2,673.7
Accumulated depreciation and impairment losses	(682.0)	(561.1)	(98.8)	–	(1,341.9)
Closing carrying amount	440.5	685.8	87.5	118.0	1,331.8
Reconciliation of carrying amounts					
Opening carrying amount	497.4	644.0	102.9	60.5	1,304.8
Additions and transfers including deferred mining	20.1	240.2	0.2	65.4	325.9
Malu underground pre commissioning revenue adjustment	–	–	–	(7.9)	(7.9)
Increase in mine rehabilitation asset – Note 17	–	5.1	–	–	5.1
Depreciation expense	(77.0)	(203.5)	(15.6)	–	(296.1)
Closing carrying amount	440.5	685.8	87.5	118.0	1,331.8

2013	Plant and equipment $m	Mine property and development $m	Freehold land and buildings $m	Capital work in progress $m	Total $m
At cost	1,102.4	1,001.6	186.1	60.5	2,350.6
Accumulated depreciation and impairment losses	(605.0)	(357.6)	(83.2)	–	(1,045.8)
Closing carrying amount	497.4	644.0	102.9	60.5	1,304.8
Reconciliation of carrying amounts					
Opening carrying amount	678.1	524.9	115.8	45.0	1,363.8
Additions and transfers including deferred mining	22.1	325.3	28.4	15.5	391.3
Reduction in mine rehabilitation asset – Note 17	–	(6.8)	–	–	(6.8)
Impairment of assets – Note 6	(104.2)	(99.5)	(21.3)	–	(225.0)
Depreciation expense	(98.6)	(99.9)	(20.0)	–	(218.5)
Closing carrying amount	497.4	644.0	102.9	60.5	1,304.8

The capital work in progress balance relates primarily to costs associated with development of Malu Underground Mine.

16 Trade and other payables

	Note	2014 $m	2013 $m
Trade payables and accruals		73.5	127.8
Other payables		3.2	5.9
Total trade, other payables and accruals		76.7	133.7

17 Provisions

	Note	2014 $m	2013 $m
Current			
Employee benefits		10.9	10.3
Demobilisation		4.2	–
Total current provisions		15.1	10.3
Non–current			
Employee benefits		3.3	2.3
Demobilisation		3.1	–
Mine rehabilitation		18.3	12.0
Total non–current provisions		24.7	14.3
Aggregate			
Employee benefits		14.2	12.6
Demobilisation		7.3	–
Mine rehabilitation		18.3	12.0
Total provisions		39.8	24.6
Reconciliation of demobilisation provision			
Opening carrying amount		–	–
Additions		7.3	–
Closing carrying amount		7.3	–

The provision for demobilisation represents expected costs associated with demobilising equipment based on utilisation of the equipment up to the reporting date. The equipment will be demobilised over the life of the Consolidated Entities mining operations.

	Note	2014 $m	2013 $m
Reconciliation of mine rehabilitation provision			
Opening carrying amount		12.0	17.0
Unwind of discount	5	1.2	1.8
Additions/(reductions)	15	5.1	(6.8)
Closing carrying amount		18.3	12.0

The addition of $5.1 million in the mine rehabilitation provision was due to revisions in mine rehabilitation cost estimates and changes in the estimated timing of rehabilitation activities. The reduction in the mine rehabilitation provision of $6.8 million in the prior year related to changes in timing of expected future cash outflows. The rehabilitation will be carried out at the end of life of the Consolidated Entities mining operations.

18 Issued capital

Issued and fully paid up ordinary shares

	2014 $m	2013 $m
303,470,022 shares (2013: 303,470,022 shares)	2,058.9	2,058.9

The Company does not have authorised capital or par value in respect of its issued shares. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each holder is entitled to one vote per share.

Capital management strategy

The objective of the Consolidated Entity's current capital management strategy is to maintain sufficient liquidity in order to support its business and to achieve superior returns for its shareholders. The Consolidated Entity manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Consolidated Entity may adjust the dividend payment to shareholders and undertake other suitable capital management initiatives. As noted in Note 34, the Company is undertaking a whole of company strategic review and the capital management strategy is within the scope of that review.

The Consolidated Entity's policy is to maintain a gearing ratio of up to a maximum of 20 percent. The gearing ratio as at 31 December 2014 is nil (2013: nil).

Movements in ordinary share capital

There were no movements in ordinary share capital during the year or in the comparative financial period.

19 Treasury shares

Date	Details	Number	$m
2014			
01/01/2014	Opening balance	28,704	0.1
01/01/2014 to 31/12/2014	Acquisition of treasury shares	185,000	0.3
01/04/2014 to 31/12/2014	Exercise of performance rights	(204,816)	(0.4)
31/12/2014	Closing balance	8,888	–
2013			
01/01/2013	Opening balance	404,801	4.4
01/04/2013 to 31/12/2013	Exercise of performance rights	(376,097)	(4.3)
31/12/2013	Closing balance	28,704	0.1

The treasury shares of 8,888, which equates to $13,055 represents the Company's shares purchased and held by the Employee Share Plan Trust to meet the Consolidated Entity's obligation to provide shares to employees in accordance with the terms of their employment contracts and employee share plans as and when they may vest.

20 Foreign currency translation reserve

	2014 $m	2013 $m
Opening balance	2.5	3.4
Foreign currency translation differences	0.1	(0.9)
De-recognition of foreign currency translation reserve	(2.6)	–
Closing balance	–	2.5

Exchange differences arising on the translation of entities with a functional currency differing from the Consolidated Entity's presentation currency, are taken to the Foreign Currency Translation Reserve ('FCTR') as described in accounting policy Note 1(f).

The FCTR, relating to OZ Minerals investment in OZ Minerals Europe Ltd, was de-recognised during the financial year following the disposal of OZ Minerals Europe's only asset, being its investment in EMED Mining Public Limited.

21 Reconciliation of profit/(loss) after income tax to net cash flows from operating activities

	2014 $m	2013 $m
Profit/(loss) after tax for the year	48.5	(294.4)
Write-down of assets	–	331.3
Depreciation	296.1	218.5
Lease amortisation	8.0	9.4
Unrealised foreign exchange gains on cash holdings	(4.4)	(5.7)
Gain on de-recognition of foreign currency translation reserve	(2.6)	–
Gain on revaluation of investment to fair value upon discontinuation of equity method	(8.7)	–
Share based payments expense	3.6	4.6
Net gain on sale of assets in Cambodia	–	(0.9)
Share of net loss of investment in Toro	1.5	1.3
Unwind of discount on mine rehabilitation	1.2	1.8
Receipts classified as investing activities	(3.0)	(3.5)
Other non-cash items	–	(2.1)
Change in assets and liabilities:		
Trade and other receivables	(0.2)	44.1
Prepayments	(2.0)	1.9
Inventories	(80.6)	(26.8)
Trade and other payables	(57.0)	25.4
Provision for employee benefits	1.6	0.3
Provision for demobilisation costs	7.3	–
Net current and deferred tax assets/(liabilities)	12.2	(126.1)
Net cash inflow from operating activities	221.5	179.1

22 Dividends

Since the end of the financial year, the Board of Directors has resolved to not pay a final dividend in respect of the 2014 financial year.

The details in relation to dividends announced or paid since 1 January 2013 are set out below:

Record date	Date of payment	Cents per share	Total dividends $m
11 September 2014	25 September 2014	10	30.3
26 February 2014	13 March 2014	10	30.3
11 September 2013	25 September 2013	10	30.3
26 February 2013	12 March 2013	20	60.7

For Australian income tax purposes, all dividends were unfranked and were declared to be conduit foreign income.

The Company's Dividend Reinvestment Plan was suspended in 2010 and remains suspended.

23 Earnings per share

Basic and diluted earnings/(loss) per share – cents

	2014	2013
Continuing operations	13.7	(97.1)
Discontinued operation	2.3	–
Overall earnings/(loss) per share	16.0	(97.1)
Reconciliation of earnings used in calculating basic and diluted earnings/(loss) per share - $ millions		
For basic and diluted earnings/(loss) per share from continuing operations		
Profit/(loss) after tax from continuing operations	41.6	(294.4)
For basic and diluted earnings per share from discontinued operation		
Profit after tax from discontinued operation	6.9	–
Weighted average number of ordinary shares – number		
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings/(loss) per share	303,451,160	303,310,042

The performance rights as set out in Note 31 that existed at 31 December 2014 and 31 December 2013 were not included in the calculation of diluted earnings per share because they were antidilutive.

24 Capital expenditure commitments

In accordance with OZ Minerals' accounting policy, the commitments for capital expenditure represent the minimum expected payments where the contracts are not cancellable. Otherwise the commitment represents the cancellation fee.

OZ Minerals has entered into contracts for ongoing capital projects. While these contracts are cancellable, termination payments are not reliably measurable as they are dependent on various factors.

The minimum expected payments in relation to contracts for development of capital projects and equipment which were not required to be recognised as liabilities at 31 December 2014 amount to nil (2013: $5.8 million).

25 Contingencies

Bank guarantees

OZ Minerals Group Treasury Pty Ltd has provided certain bank guarantees to third parties, primarily associated with the terms of mining leases, exploration licences and office leases, in respect of which the relevant entity is obliged to indemnify the bank if the guarantee is called upon. At the end of the financial year, no claims have been made under any of these guarantees. The amount of some of these guarantees may vary from time to time depending upon the requirements of the recipient. These guarantees are backed by deposits which amounted to $34.8 million as at 31 December 2014 (31 December 2013: $34.8 million). Presently, all guarantees are voluntarily cash backed by deposits in order to reduce the bank fees payable, however, should the need arise all funds can be withdrawn as and when required.

Provision is made in the Balance Sheet for the anticipated costs of the mine rehabilitation obligations under the mining leases.

Class action

OZ Minerals is the Respondent in a Federal Court proceeding claiming that certain former Zinifex shareholders, who received shares in OZ Minerals on 1 July 2008 as a result of the merger between Oxiana and Zinifex, suffered loss or damage because OZ Minerals engaged in misleading or deceptive conduct on a number of occasions before the merger and/or breached its continuous disclosure obligations.

The class action was filed against OZ Minerals on 25 February 2014. A Further Amended Statement of Claim was filed on 4 July 2014.

OZ Minerals filed its defence to the class action on 1 September 2014, and an Amended Defence on 12 September 2014. OZ Minerals denies that it engaged in misleading or deceptive conduct or breached its continuous disclosure obligations.

The Applicant has not served any particulars of loss in the proceeding and therefore OZ Minerals is not in a position to calculate a sufficiently reliable estimate of the possible obligation, even if it were found to exist. OZ Minerals has concluded that it is not probable that a present obligation exists and accordingly no provision has been recognised in the Balance Sheet at 31 December 2014.

Deeds of indemnity

The Company has granted indemnities under Deeds of Indemnity with each of its current and former Non-Executive Directors and members of the Executive Committee, the Company Secretary, the Group Treasurer and each employee who is a director of a controlled entity of the Consolidated Entity, in conformity with Rule 10.2 of OZ Minerals Limited's Constitution.

Where applicable, each Deed of Indemnity indemnifies the relevant director, officer or employee to the fullest extent permitted by law for liabilities incurred while acting as an officer of OZ Minerals, any of its controlled entities and any outside entity, where such an office is held at the request of the Company. Under these indemnities, the Company meets the legal costs incurred by Company officers in responding to investigations by regulators.

Employees

The Consolidated Entity has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the Consolidated Entity.

Auditor

No indemnity has been granted to an auditor of the Consolidated Entity in their capacity as auditors of the Consolidated Entity.

Warranties and indemnities

The Company has given certain warranties and indemnities to the purchasers of assets and businesses that have been sold. Warranties have been given in relation to various matters including the sale of assets, taxes and information. Indemnities have also been given by the Consolidated Entity in relation to matters including compliance with law, environmental claims, failure to transfer or deliver all assets and payment of tax.

A notification was received during the year under one of the above warranties and indemnities. The Company is disputing this notification. OZ Minerals is not in a position to calculate a sufficiently reliably estimate of any possible obligation, if found to exist, but in any event it is unlikely to be significant to the financial position of the Consolidated Entity as at 31 December 2014.

Tax related contingencies

The Consolidated Entity is subject to the ATO's routine program of tax reviews and audits. The Consolidated entity may also be subject to routine tax reviews and audits in overseas jurisdictions. The final outcome of any tax review or audit cannot be determined with an acceptable degree of reliability. The Consolidated Entity believes that it is making adequate provision for its taxation liabilities and is taking reasonable steps to address potentially contentious issues with the ATO and tax authorities in overseas jurisdictions. However there may be an impact on the Consolidated Entity if any revenue authority review or audit results in an adjustment that increases the Consolidated Entity's taxation liabilities.

Former Cambodian operations

The Australian Federal Police (AFP) advised OZ Minerals in September 2014 that it is now conducting an investigation of OZ Minerals' 2009 acquisition of the remaining holding in the Okvau joint venture in Cambodia in relation to foreign bribery claims. OZ Minerals is currently aware that the AFP is continuing its investigation. OZ Minerals has concluded that it is not probable that a present obligation exists and accordingly, no provision has been recognised in the balance sheet at 31 December 2014.

Other

OZ Minerals Limited and its controlled entities are defendants from time to time in other legal proceedings or disputes, arising from the conduct of their businesses. OZ Minerals does not consider that the outcome of any of these proceedings or disputes is likely to have a material effect on the Company's or the Consolidated Entity's financial position.

26 Parent entity disclosures

	2014 $m	2013 $m

As at, and throughout the financial year ended 31 December 2014, the parent entity of the Consolidated Entity was OZ Minerals Limited.

Results of the parent entity

	2014 $m	2013 $m
Dividend income from subsidiaries	–	71.0
Write-up/(write-down) of investment in subsidiary	92.8	(214.6)
Provision for non-recovery of loan to subsidiary	(118.2)	–
Net other expense	(17.1)	(16.4)
Total comprehensive loss for the year	(42.5)	(160.0)

Financial position of the parent entity

	2014 $m	2013 $m
Assets		
Current assets	3.1	3.9
Non-current assets	2,222.0	2,319.4
Total assets	2,225.1	2,323.3
Liabilities		
Current liabilities	12.2	10.3
Non-current liabilities	0.9	0.7
Total liabilities	13.1	11.0
Net assets	2,212.0	2,312.3
Equity		
Issued capital	2,058.9	2,058.9
Treasury shares	–	(0.1)
Retained earnings	356.1	413.5
Accumulated losses	(203.0)	(160.0)
Total equity	2,212.0	2,312.3

Reconciliations

	2014 $m	2013 $m
Opening balance of retained earnings	413.5	504.3
Dividends paid during the year	(60.6)	(91.0)
Share based payment transactions	3.2	0.2
Closing balance of retained earnings	356.1	413.5
Opening balance of accumulated loses	(160.0)	–
Change in fair value of investments in equity securities, net of income tax	(0.5)	–
Total comprehensive loss for the year	(42.5)	(160.0)
Closing balance of accumulated losses	(203.0)	(160.0)

OZ Minerals Limited is able to manage its net current liability position, by its ability to control the timing of dividends from its subsidiaries.

Refer to Note 25 for contingent liabilities and Note 27 for Deed of Cross Guarantee disclosures. The parent entity's capital expenditure commitment as at 31 December 2014 was nil (2013: nil).

Franking account details

	2014 $m	2013 $m
Franking account balance at beginning of year	0.9	7.4
Franking debits from income tax refund received during the year	–	(6.5)
Franking account balance at end of year	0.9	0.9

Subsidiaries

The wholly owned controlled entities of OZ Minerals Limited are listed below:

Entity	Country of incorporation
Minotaur Resources Holdings Pty Ltd	Australia
OZ Exploration Pty Ltd	Australia
OZ Minerals Agincourt Holdings Pty Ltd	Australia
OZ Minerals Agincourt Pty Ltd	Australia
OZ Minerals Equity Pty Ltd	Australia
OZ Minerals Europe Ltd	Channel Islands
OZ Minerals Group Treasury Pty Ltd	Australia
OZ Minerals Holdings Limited	Australia
OZ Minerals Insurance Pte Ltd	Singapore
OZ Minerals International (Holdings) Pty Ltd	Australia
OZ Minerals Investments Pty Ltd	Australia
OZ Minerals Jamaica Limited (incorporated on 26 September 2014)	Jamaica
OZ Minerals Prominent Hill Operations Pty Ltd	Australia
OZ Minerals Prominent Hill Pty Ltd	Australia
OZ Minerals Superannuation Pty Ltd	Australia
OZ Minerals Zinifex Holdings Pty Ltd	Australia
OZ Minerals Carrapateena Pty Ltd	Australia
OZ Exploration Chile Limitada	Chile
OZM Carrapateena Pty Ltd	Australia
OZ Exploration (USA) LLC	USA
ZRUS Holdings Pty Ltd	Australia

27 Deed of cross guarantee

The Company and all its Australian domiciled subsidiaries listed in Note 26 to the Consolidated Financial Statements, except for OZ Minerals Equity Pty Ltd, are party to a Deed of Cross Guarantee ('Deed'). In preparation for their voluntary deregistration, the following entities entered into Revocation Deeds in April 2014 which became effective in October 2014, from which date they ceased to be party to the Deed:

- OZ Minerals Agincourt Holdings Pty Ltd
- OZ Minerals Agincourt Pty Ltd
- OZ Minerals International (Holdings) Pty Ltd
- OZ Minerals Superannuation Pty Ltd
- ZRUS Holdings Pty Ltd

In August 2012, the following entities entered into Revocation Deeds which became effective in February 2013:

- OZ Minerals Finance Pty Ltd
- OZ Minerals Finance (Holdings) Pty Ltd
- OZ Minerals Golden Grove (Holdings) Pty Ltd
- OZ Minerals Reliance Exploration Pty Ltd

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

Set out below is the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Balance Sheet of the entities within the Deed.

Consolidated Income Statement of the entities within the Deed of Cross Guarantee	**2014 $m**	**2013 $m**
Revenue from sale of concentrates	831.0	644.0
Net gain on sale of assets in Cambodia	–	0.9
Net foreign exchange gains	18.8	40.3
Gain on revaluation of investment to fair value upon discontinuation of equity method	8.7	–
Changes in inventories of ore and concentrate	78.7	25.0
Consumables, concentrate purchases and other direct costs	(353.4)	(343.5)
Employee benefit expenses	(69.2)	(78.5)
Exploration and evaluation expenses	(53.2)	(72.6)
Freight expenses	(45.6)	(40.3)
Royalties expense	(23.5)	(9.5)
Share of net loss of investment in Toro	(1.5)	(1.3)
Depreciation and amortisation expenses	(296.1)	(218.5)
Write-down of assets	–	(331.3)
Provision for receivable/investment in subsidiaries which are not within the Deed	(2.0)	(2.5)
Other expenses	(40.1)	(47.9)
Profit/(loss) before net financing income and income tax from continuing operations	52.6	(435.7)
Financing income	7.3	12.4
Financing expenses	(3.7)	(5.4)
Net financing income	3.6	7.0
Profit/(loss) before income tax from continuing operations	56.2	(428.7)
Income tax (expense)/benefit from continuing operations	(18.3)	132.6
Profit/(loss) from continuing operations	37.9	(296.1)
Profit from discontinuing operations after income tax	6.9	–
Profit/(loss) for the year	44.8	(296.1)

Consolidated Statement of Comprehensive Income of the entities within the Deed of Cross Guarantee	2014 $m	2013 $m
Profit/(loss) for the year	44.8	(296.1)
Other comprehensive loss		
Net change in fair value of investments in equity securities, net of tax	(67.5)	(75.6)
Total comprehensive loss for the year	(22.7)	(371.7)

Consolidated Balance Sheet of the entities within the Deed of Cross Guarantee	2014 $m	2013 $m
Current assets		
Cash and cash equivalents	212.5	358.9
Trade and other receivables	126.8	126.2
Inventories	147.7	150.8
Prepayments	6.0	4.0
Total current assets	493.0	639.9
Non-current assets		
Inventories	105.7	22.0
Investments accounted for using the equity method	–	27.1
Investments in equity securities	176.8	210.2
Intangible assets	252.2	252.2
Lease receivable	42.2	50.2
Property, plant and equipment	1,331.8	1,304.8
Investment in subsidiaries which are not party to the Deed	3.0	7.3
Total non-current assets	1,911.7	1,873.8
Total assets	2,404.7	2,513.7
Current liabilities		
Trade and other payables	75.3	131.9
Provisions	15.1	10.3
Total current liabilities	90.4	142.2
Non-current liabilities		
Deferred tax liabilities	43.1	30.9
Provisions	24.7	14.3
Total non-current liabilities	67.8	45.2
Total liabilities	158.2	187.4
Net assets	2,246.5	2,326.3
Equity		
Issued capital	2,058.9	2,058.9
Retained earnings	187.6	267.5
Treasury shares	–	(0.1)
Total equity	2,246.5	2,326.3

28 Remuneration of auditors

	2014 $	2013 $
Audit services provided by KPMG		
Audit and review of Financial Reports and other audit work under the *Corporations Act 2001*, including audit of subsidiary Financial Statements		
KPMG Australia	481,500	484,000
Overseas KPMG firms	29,253	27,509
Total fees for audit services provided by KPMG	510,753	511,509
Other services provided by KPMG Australia		
Taxation compliance and other taxation advisory services	193,446	181,998
Other assurance services	27,500	23,000
Total fees for other services provided by KPMG Australia	220,946	204,998
Total fees	731,699	716,507

The taxation compliance and other taxation advisory service fee represent fees for review of research and development tax claims.

29 Financial risk management

The Consolidated Entity's activities expose it to a variety of financial risks such as:

- Market risk consisting of commodity price risk, foreign currency exchange risk, interest rate risk and equity securities price risk (refer Note 29 (a) below);
- Credit risk (refer Note 29 (b) below); and
- Liquidity risk (refer Note 29 (c) below).

This Note presents information about the Consolidated Entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk and quantitative disclosures.

Financial risk management is carried out by OZ Minerals' Group Treasury Function ('Group Treasury'). Group Treasury identifies, evaluates and manages financial risks in close co-operation with OZ Minerals' operating units. The Board approves principles for overall risk management, as well as policies covering specific risk areas, such as those identified above.

The Consolidated Entity holds the following financial instruments at the reporting date:

	Note	2014 $m	2013 $m
Financial assets			
Cash and cash equivalents	8	218.5	364.0
Trade and other receivables	9	127.8	127.6
Investments in equity securities	12	176.8	214.4
Lease receivables	14	42.2	50.2
Total financial assets		565.3	756.2
Financial liabilities			
Trade and other payables	16	76.7	133.7
Total financial liabilities		76.7	133.7

(a) Market risk management

The Consolidated Entity's activities expose it primarily to financial risks of changes in commodity prices, foreign currency exchange rates, interest rates and equity securities prices.

(i) Commodity price risk management and sensitivity analysis

The Consolidated Entity is exposed to commodity price volatility on concentrate sales made by its Prominent Hill Mine. This arises from sale of metal in concentrate products such as copper and gold, which are priced on, or benchmarked to, open market exchanges. OZ Minerals aims to realise average copper prices which are materially consistent with the prevailing average market prices for the same period. The Consolidated Entity attempts to manage any uneven exposure to price in any particular month by managing shipments or undertaking LME futures transactions.

The trade receivables are carried at fair value using a Level two valuation method as stipulated by AASB 13 *Fair value measurement* which involves observable market prices for commodities, adjusted for terms as per sales contracts.

The historical average five-year annual commodity price volatility as per the London Metals Exchange ('LME') for copper was 16 percent and as per the London Bullion Market Association ('LBMA') for gold and silver was 15 percent and 30 percent respectively.

At reporting date, if commodity prices increased/(decreased) by the historical average five-year annual commodity price movement as per the LME and LBMA, and all other variables were held constant, the Consolidated Entity's after tax profit/(loss) would have increased/(decreased) by $13.3 million (2013: $19.0 million). The application of a five year change in commodity price reflects the variability management applies in forecast sensitivity analysis.

In accordance with Australian Accounting Standards, the sensitivity analysis includes the impact of the movement in commodity prices only on outstanding trade receivables that are subject to commodity price risk at the end of the year, which were $120.1 million (2013: $71.2 million) and does not include the impact of the movement in commodity prices on the total sales for the year.

(ii) Foreign currency exchange risk management and sensitivity analysis

The Consolidated Entity is exposed to foreign currency exchange risk. This arises from the sale and purchase of metal in concentrate products denominated in US dollars and any assets and liabilities that are held in currencies other than the Australian dollar.

The Consolidated Entity has a policy of holding cash balances in a range of 60:40 percent to 40:60 percent of US dollars to Australian dollars.

The carrying amount of the Consolidated Entity's financial assets and financial liabilities by its currency risk exposure at the reporting date is disclosed below. The foreign currency exchange risk exposure at balance date mainly arises from US dollar denominated balances and minor exposures to other foreign currencies.

	Denominated in US$ presented in A$m	Other currencies presented in A$m	Total A$m
2014			
Cash and cash equivalents	120.9	–	120.9
Trade and other receivables	120.1	–	120.1
Trade and other payables	(2.1)	–	(2.1)
Total	238.9	–	238.9
2013			
Cash and cash equivalents	181.7	–	181.7
Trade and other receivables	116.6	–	116.6
Trade and other payables	(47.0)	–	(47.0)
Investments in equity securities	–	4.3	4.3
Total	251.3	4.3	255.6

The US dollar exchange rates during the year were as follows:

	Average rate		31 December spot rate	
	2014	**2013**	**2014**	**2013**
A$:US$	0.9020	0.9674	0.8183	0.8904

At reporting date, if the foreign currency exchange rates strengthened/(weakened) against the functional currency by 5 percent (2013: 5 percent), and all other variables were held constant, the Consolidated Entity's after tax profit/(loss) from continuing operations would have increased/(decreased) by $8.4 million (2013: $13.2 million).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the reporting date and adjusts their translation for a 5 percent change in the foreign currency rate (2013: 5 percent). This percentage change reflects the variability management applies in forecast sensitivity analysis.

(iii) Interest rate risk management and sensitivity analysis

Deposits and borrowings at variable interest rates expose the Consolidated Entity to cash flow interest rate risk.

The Consolidated Entity carries term deposits with fixed interest rates which mature in less than six months. These term deposits are recognised at amortised cost and therefore not subject to interest rate risk. The effect of a change in interest rates at balance date would not have a significant impact on the Consolidated Entity's after tax profit as substantially all cash deposits have fixed interest rate terms.

The Consolidated Entity does not have any borrowings at 31 December 2014 and therefore is not exposed to interest rate risk on borrowings.

The effective interest rate for each financial asset/liability is provided below:

	Note	Effective average interest rate %	Total $m
2014			
Fixed rate financial assets			
Short-term highly liquid cash deposits	8	1.77	166.3
Cash on hand and demand deposits	8	1.18	52.2
Total			218.5
2013			
Fixed rate financial assets			
Short-term highly liquid cash deposits	8	2.05	331.5
Cash on hand and demand deposits	8	0.69	32.5
Total			364.0

(iv) Equity securities price risk management and sensitivity analysis

The Consolidated Entity is exposed to equity securities price risk which arises from investments held and classified on the Balance Sheet as investments in equity securities, as set out in the table below:

	Note	2014 $m	2013 $m
Financial assets			
Investments in equity securities	12	176.8	214.4
Total		176.8	214.4

The Consolidated Entity's investments in equity securities relate to investments in publicly listed entities. The Consolidated Entity does not actively trade these investments. These investments are carried at fair value using a Level 1 valuation method as stipulated by AASB 13 *Fair value measurement* which is based on quoted share prices.

The carrying value of the investments in equity securities equates to their fair value at 31 December 2014 and 2013.

At reporting date, if the share prices of the entities in which the Consolidated Entity has equity investments which are carried at fair value increased/(decreased) by one percent, and all other variables were held constant, the Consolidated Entity's equity would have increased/(decreased) by $1.8 million (2013: $2.1 million).

(b) Credit risk management

Credit risk refers to the risk that any counterparty will default on its contractual obligations under a financial instrument resulting in financial loss to the Consolidated Entity. The Consolidated Entity is exposed to counterparty credit risk through sales of metal in concentrate on normal terms of trade, through deposits of cash, finance lease and settlement risk on foreign exchange transactions.

At the reporting date, the carrying amount of the Consolidated Entity's financial assets represents the maximum credit exposure which was as follows:

	Notes	2014 $m	2013 $m
Cash and cash equivalents	8	218.5	364.0
Trade and other receivables	9	127.8	127.6
Lease receivables	14	42.2	50.2
Total		388.5	541.8

The credit risk on cash and cash equivalents is managed by restricting dealing to banks which are assigned high credit ratings by international credit rating agencies and limiting the amount of funds that can be invested with a single counterparty in accordance with OZ Minerals' Credit Risk Management Policy.

Credit risk in trade receivables is managed by the Consolidated Entity by undertaking a regular risk assessment process and revising credit limits of customers. As there are a relatively small number of transactions, they are closely monitored to ensure risk of default is kept to an acceptably low level.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region of the customer was:

	2014 $m	2013 $m
Europe	105.6	5.3
Asia	11.4	111.3
Australia	3.1	–
Total	120.1	116.6

The total revenue for the year ended 31 December 2014 was $831.0 million (2013: $644.0 million). Major customers who individually accounted for more than 10 percent of total revenue contributed approximately 67 percent of total revenue (2013: 92 percent). These customers also represent 99.3 percent of the trade receivables balance as at 31 December 2014 (2013: 98 percent).

Credit risk arising from sales to customers is managed by contracts that stipulate a provisional payment of at least 90 percent of the estimated value of each sale. This is payable either promptly after vessel loading or upon vessel arriving at the discharge port. The balance outstanding is received usually within 60 days of the vessel arriving at the port of discharge. Additionally, several sales are covered by letter of credit arrangements with approved financial institutions.

The Consolidated Entity does not have any significant receivables which are past due at the reporting date.

(c) Liquidity risk management

Liquidity risk is the risk that the Consolidated Entity will encounter difficulty in meeting obligations associated with financial liabilities. OZ Minerals manages liquidity risk by conducting regular reviews of the timing of cash outflows and the maturity profiles of term deposits in order to ensure sufficient funds are available to meet its obligations.

(i) Financial liabilities

The following are the contractual maturities of the Consolidated Entity's financial liabilities as at 31 December 2014. The contractual cash flows reflect the undiscounted amounts and include both interest and principal cash flows.

	Notes	Carrying amount $m	Contractual amount $m
2014			
Trade and other payables	16	76.7	76.7
2013			
Trade and other payables	16	133.7	133.7

The contractual carrying amounts of all financial liabilities are due and payable within six months of the reporting date.

(ii) Financing arrangements

The Consolidated Entity had access to the following borrowing facilities which were undrawn at the end of the year.

	Expires on	Security	2014 US$m	2013 US$m
Revolving facility	November 2016	Unsecured	200.0	200.0

(d) Fair values

(i) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, other than cash and cash equivalents, including their levels in the fair value hierarchy for financial assets and financial liabilities measured at fair value.

	Carrying amount	Fair value	
	Total $m	Level 1 $m	Level 2 $m
31 December 2014			
Financial assets measured at fair value			
Trade receivables – current(1)	120.1	–	120.1
Investments in equity securities – non-current(2)	176.8	176.8	–
	296.9	176.8	120.1
Financial assets not measured at fair value			
Other receivables – current(3)	7.7	–	–
Lease receivables – non-current(3)	42.2	–	–
	49.9	–	–
Financial liabilities measured at fair value			
Trade and other payables – current(1)	1.2	–	1.2
Financial liabilities not measured at fair value			
Trade and other payables – current(3)	75.5	–	–
31 December 2013			
Financial assets measured at fair value			
Trade receivables – current(1)	116.6	–	116.6
Investments in equity securities – non-current(2)	214.4	214.4	–
	331.0	214.4	116.6
Financial assets not measured at fair value			
Other receivables – current(3)	11.0	–	–
Lease receivables – non-current(3)	50.2	–	–
	61.2	–	–
Financial liabilities measured at fair value			
Trade and other payables – current(1)	44.4	–	44.4
Financial liabilities not measured at fair value			
Trade and other payables – current(3)	89.3	–	–

The carrying amounts of financial assets and financial liabilities not measured at fair value are a reasonable approximation of fair value.

The Consolidated Entity has the following categories of financial assets and liabilities:

(1) Fair value through profit and loss

(2) Fair value through other comprehensive income

(3) Loans and receivables measured at amortised cost

(ii) Measurement of fair values

The fair value of the financial assets and financial liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

Fair value hierarchy

When measuring the fair values of financial assets and financial liabilities, the Consolidated Entity uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation methods and assumptions for measuring Level 2 fair values

The fair value of all trade receivables, and trade payables relating to concentrate inventory sale and repurchase arrangements amounted to $121.3 (2013: $161.0 million), is determined with reference to quoted market prices of copper based on the London Metal Exchange, adjusted for specific settlement terms in sales contracts.

30 Key management personnel

Key management personnel remuneration

Key management personnel ('KMP') are accountable for planning, directing and controlling the affairs of the Company and its controlled entities. The KMP remuneration for the Consolidated Entity was as follows:

	2014 $	**2013 $**
Short-term employee benefits	4,253,906	3,654,840
Other long term benefits	(156,157)	44,902
Post-employment benefits	125,228	150,106
Termination benefits	1,073,726	–
Share-based payments	(532,953)	1,015,057
Total	4,763,750	4,864,905

Information regarding individual directors' and executives' compensation and some equity instrument disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report. Apart from the details disclosed in Note 32 to the Consolidated Financial Statements, no director has entered into a material contract with the Consolidated Entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

31 Share-based payments

Description of OZ Minerals' Performance Rights Plans ('PRP') and Long Term Incentive Plans ('LTIP') are provided below:

Element	Equity rights granted under PRP	Equity rights granted under LTIP
Type of equity rights granted	Performance rights	Performance rights
Calculation of value of equity rights granted	**2013 - 2014:** 2.5 percent, 5 percent or 7.5 percent of employees' personal total fixed remuneration, according to job grade **2011 – 2012:** 5 percent, 10 percent or 15 percent of employees' personal total fixed remuneration, according to job grade	80 percent or 60 percent of executives' personal total fixed remuneration, according to job grade.
Grant date	**2014:** 2 May 2014 **2013:** 1 May 2013 **2012**: 1 May 2012 **2011**: 2 May 2011	**2014:** 28 July 2014 **2013:** 20 December 2013 **2012**: 21 December 2012 **2011**: 22 December 2011 **2010**: 10 December 2010
Performance period	**2014:** 2 May 2014 to 1 July 2015 **2013:** 1 May 2013 to 1 May 2014 **2012**: 1 May 2012 to 30 April 2013 **2011**: 2 May 2011 to 1 May 2012	**2014:** 1 July 2014 to 30 June 2017 **2013:** 20 December 2013 to 19 December 2016 **2012**: 21 December 2012 to 20 December 2015 **2011**: 22 December 2011 to 21 December 2014 **2010**: 10 December 2010 to 9 December 2013
Service period	**2014:** 2 May 2014 to 1 July 2015 **2013:** 1 May 2013 to 1 May 2014 **2012**: 1 May 2012 to 30 April 2013 **2011**: 2 May 2011 to 1 May 2012	**2014:** 28 July 2014 to 15 July 2017 **2013:** 20 December 2013 to 19 December 2016 **2012**: 21 December 2012 to 20 December 2015 **2011**: 22 December 2011 to 21 December 2014 **2010**: 10 December 2010 to 9 December 2013
Expiry date	**2014:** 1 July 2015 **2013:** 1 July 2014 **2012**: 1 July 2013 and 1 July 2014 **2011**: 1 July 2012 and 1 July 2013	**2014:** 15 August 2017 **2013:** 28 February 2017 **2012**: 28 February 2016 **2011**: 28 February 2015 **2010**: 28 February 2014
Number of shares for each equity right	**2012 - 2014:** 1 share **2011**: 1.0904 shares	**2011 - 2014:** 1 share **2010:** 1.0904 shares

Element	Equity rights granted under PRP	Equity rights granted under LTIP	
Vesting conditions	Percentage vesting based on individual performance against Key Performance Indicators	**TSR performance measured against Comparator Group**	**Percentage of vesting**
		75th percentile or greater	100
		Between the 50th and 75th percentile	Between 50 percent and 100 percent vest progressively by using a straight-line interpolation
		50th percentile	50
		Less than 50th percentile	Nil
Exercise price	Not applicable – provided at no cost	Not applicable – provided at no cost	

Performance rights granted under the PRPs or LTIPs are not entitled to dividends nor have voting rights. All performance rights under current performance rights plans are automatically exercised upon vesting which is dependent upon the meeting of both the service condition and the performance condition. The shares when issued on vesting of performance rights rank pari passu in all respects with previously issued fully paid ordinary shares.

The fair value of services received in return for share-based payments granted during the year is based on the fair value of the performance rights granted, measured using a Binomial Approximation Option Valuation Model and Monte-Carlo Simulation Valuation Model for Performance Rights Plans and Long-Term Incentive Plans respectively, with the following inputs:

Grant date	Fair value at grant date $	Share price at grant date $	Expected volatility percent	Expected dividends percent	Risk-free interest rate percent
28 July 2014	3.1	4.8	45.0	4.1	2.7
2 May 2014	3.3	3.5	44.0	4.9	2.7
20 December 2013	2.0	3.1	45.0	3.5	2.9
1 May 2013	3.9	4.1	40.0	4.4	2.8
21 December 2012	4.1	6.8	37.0	5.7	2.7
1 May 2012	8.9	9.5	38.1	5.3	3.5
22 December 2011	6.6	10.4	39.4	4.8	3.1
2 May 2011(a)	13.9	14.4	36.2	2.8	5.0
10 December 2010(a)	11.1	16.3	39.5	2.8	5.1

(a) The fair values in the table above have been restated for the one for ten share consolidation where applicable which occurred in June 2011.

The movement in the number of equity instruments granted to employees, including KMP is provided below.

Performance rights

The movement in the number of performance rights during the year is set out below:

	2014 Number	2013 Number
Opening balance	1,987,322	1,605,053
Rights granted	1,439,670	1,084,634
Rights vested and exercised	(204,816)	(377,275)
Rights forfeited	(1,064,646)	(325,090)
Closing balance	2,157,530	1,987,322

The number of performance rights in the table above has been restated for the one for ten share consolidation. Additionally, each performance right granted before the capital return in June 2011 is convertible into 1.0904 ordinary shares upon vesting.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expenses was $3.6 million (2013: $4.6 million).

32 Related parties

(a) Parent entity

The ultimate parent entity within the Consolidated Entity is OZ Minerals Limited.

(b) Subsidiaries

The parent entity's interest in subsidiaries is set out in Note 26 to the Consolidated Financial Statements.

(c) Associates

Information in relation to investments in associates (Toro) is set out in Note 11 to the Consolidated Financial Statements.

(d) Transactions with related parties

A number of KMP, or their related parties, hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. Where the consolidated entity transacts with the KMP and their related parties, the terms and conditions of these transactions are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

33 Receipts from sale of Cambodia

During the year ended 31 December 2012, the Consolidated Entity entered into a Sale and Purchase Agreement for its assets in Cambodia through the sale of OZ Minerals (Cambodia) Limited to Renaissance Minerals Limited ('Renaissance'), an Australian company listed on the ASX, which included the provision for two contingent receipts.

In September 2013, the Consolidated Entity entered into a new agreement with Renaissance to alter the timing of the first of these receipts. Under the terms of the original agreement, the first receipt of $10.0 million was contingent on a 1.25 million ounce gold resource being defined in relation to the assets sold or a decision to mine, whichever was earlier. The second receipt of $12.5 million was contingent on the first gold pour and was payable six months after the first gold pour. Under the new terms the $10.0 million payment will now only be payable upon Renaissance making a decision to mine with the trigger of a defined 1.25 million ounce gold resource being removed. In consideration of this new agreement, OZ Minerals was issued with 15.3 million shares in Renaissance to the value of $0.9 million which was recognised in the Income Statement during the year ended 31 December 2013.

The two possible receipts amounting to $22.5 million are contingent on uncertain future events and in accordance with the Accounting Standards are not able to be recognised in the Consolidated Financial Statements for the year ended 31 December 2014.

34 Events occurring after reporting date

Since the end of the financial year, the Board of Directors has resolved to not pay a final dividend in respect of the 2014 financial year.

In January 2015, the Company announced that it is undertaking a strategic review which is considering all aspects of the future business and strategy. The results of this review are expected to be announced in April 2015. A Board decision has been made as part of that review to relocate all corporate functions currently performed in Melbourne to its existing office located in Adelaide. The timing for this relocation will be during 2015. The Company will not maintain an office in Melbourne after this relocation.

In January 2015, an agreement was reached with the South Australian Government to work together to facilitate the development of copper projects in South Australia. The agreement includes partnering and investment in technical and infrastructure projects. The South Australian Government is contributing $10 million towards these activities.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of OZ Minerals Limited ('the Company'):

   (a) the Consolidated Financial Statements and Notes set out on pages 70 to 119 and the remuneration disclosures that are contained in the Remuneration Report on pages 51 to 68, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2014 and of its performance for the year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) the Consolidated Financial Statements also comply with *International Financial Reporting Standards* as disclosed in Note 1(b);

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.

2. There are reasonable grounds to believe that the Company and the consolidated entities identified in Note 27 to the Consolidated Financial Statements will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2014.

Signed in accordance with a resolution of the directors.

Neil Hamilton
Chairman
Melbourne
11 February 2015

Andrew Cole
Managing Director and Chief Executive Officer
Melbourne
11 February 2015

Independent auditor's report to the members of OZ Minerals Limited

Report on the Financial Report

We have audited the accompanying Financial Report of OZ Minerals Limited ('the Company'), which comprises the Consolidated Balance Sheet as at 31 December 2014, and the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Consolidated Entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Report that is free from material misstatement whether due to fraud or error. In note 1(b), the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the Financial Statements of the Consolidated Entity comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Financial Report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Report.

We performed the procedures to assess whether in all material respects the Financial Report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Consolidated Entity's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor’s opinion

In our opinion:

(a) the Financial Report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Consolidated Entity’s financial position as at 31 December 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in note 1(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 51 to 68 of the Directors’ Report for the year ended 31 December 2014. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor’s opinion

In our opinion, the Remuneration Report of OZ Minerals Limited for the year ended 31 December 2014 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG+

Michael Bray
Partner
Melbourne
11 February 2015

SHAREHOLDER INFORMATION

Capital

Share capital comprised 303,470,022 fully paid ordinary shares on 11 March 2015.

Shareholder details

At 11 March 2015 the Company had 56,571 shareholders. There were 13,859 shareholdings with less than a marketable parcel of $500 worth of ordinary shares.

Top 20 investors at 11 March 2015

Name	Number of shares	Issued capital
HSBC Custody Nominees (Australia) Limited	56,445,095	18.60%
JP Morgan Nominees Australia Limited	54,031,849	17.80%
National Nominees Limited	42,768,889	14.09%
Citicorp Nominees Pty Limited	27,826,494	9.17%
BNP Paribas Noms Pty Ltd <DRP>	8,777,634	2.89%
Merrill Lynch (Australia) Nominees Pty Limited	5,963,213	1.97%
Pan Australian Nominees Pty Limited	5,284,323	1.74%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	5,133,529	1.69%
HSBC Custody Nominees (Australia) Limited –GSCO ECA	4,082,988	1.35%
National Nominees Limited <DB A/C>	3,936,319	1.30%
Romadak Pty Ltd <Romadak Super Fund A/C>	2,543,082	0.84%
Ecapital Nominees Pty Limited <Settlement A/C>	2,001,190	0.66%
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	1,674,530	0.55%
QIC Limited	1,253,678	0.41%
UBS Nominees Pty Ltd	1,140,000	0.38%
Mr Jose Manuel Do Rego Medeiros	850,000	0.28%
HSBC Custody Nominees (Australia) Limited – A/C 3	830,421	0.27%
UBS Wealth Management Australia Nominees Pty Ltd	704,860	0.23%
Argo Investments Limited	701,342	0.23%
Debortoli Wines Pty Limited	558,254	0.18%
Total	**226,507,690**	**74.64%**

Substantial shareholders of OZ Minerals Limited at 11 March 2015

Dimensional Entities advised that as at 4 September 2014, it and its associates had an interest in 15,187,342 shares, which represented 5.00% of OZ Minerals capital at that time.

BlackRock Group advised that as at 27 January 2015, it and its associates had an interest in 16,438,698 shares, which represented 5.42% of OZ Minerals capital at that time.

National Australia Bank Limited advised that as at 16 February 2015, it and its associates had an interest in 20,154,585 shares, which represented 6.64% of OZ Minerals capital at that time.

Alphinity Investment Management Pty Ltd advised that as at 13 February 2015, it had an interest in 15,811,567 shares, which represented 5.21% of OZ Minerals capital at that time.

Challenger Limited advised that as at 13 February 2015, it and its associates had an interest in 15,992,423 shares, which represented 5.27% of OZ Minerals capital at that time.

SHAREHOLDER INFORMATION – CONTINUED

Investor categories at 11 March 2015

Ranges	Number of investors	Number of shares	Issued capital
1 – 1,000	43,732	14,363,553	4.73%
1,001 – 5,000	10,492	23,378,142	7.70%
5,001 – 10,000	1,426	10,433,396	3.44%
10,001 – 100,000	862	19,710,608	6.50%
100,001 – and Over	59	235,584,323	77.63%
Total	**56,571**	**303,470,022**	**100.00%**

Voting rights

On a show of hands, every member present in person or by attorney or by proxy or by representative shall have one vote for every share held by the member. Upon a poll, every member present in person or by attorney or by proxy or by representative shall have one vote for every share held by the member. Where more than one proxy, representative or attorney is appointed, none may vote on a show of hands.

Other securities on issue

The Company has a number of other securities on issue in addition to ordinary shares. The details of the securities held as at 11 March 2015 are as follows:

Class of security	Number of holders	Number of securities
Performance Rights	324	2,069,596

No voting rights attach to the above securities, however, any ordinary shares that are allotted to the holders of the securities upon vesting or conversion of the above mentioned securities will have the same voting rights as all other ordinary OZ Minerals shares.

Dividends

The Board resolved not to pay a final dividend in respect of the 2014 Financial Year. An interim dividend with respect to the six months ended 30 June 2014 of 10 cents per share unfranked was paid to shareholders on 25 September 2014.

Dividend payments

Your dividend payments are credited directly into any nominated bank, building society or credit union account in Australia.

Annual Report

You can access a full copy of the Annual Report online at www.ozminerals.com. If you no longer wish to receive a hard copy of the Annual Report, log into your shareholding or contact our share registry to update your shareholder communication instructions.

Share registry information

The OZ Minerals share registry is maintained by Link Market Services Limited.

Visit Link Market Services' website www.linkmarketservices.com.au and access a wide variety of holding information, change your personal details and download forms. You can:

- check your current and previous holding balances
- elect to receive financial reports electronically
- update your address details
- update your bank details
- confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- check transaction and dividend history
- enter your email address
- check the share prices and graphs
- download a variety of instruction forms.

You can access this information via a security login using your Security Holder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or company name) and postcode (must be the postcode recorded on your holding record).

Contact information

Shareholder enquiries about their shareholding should be addressed to Link Market Services. You can contact the Company's share registry by calling +61 1300 306 089 (local call cost within Australia). Share registry contact details are contained in the inner back cover of this report.

CONTACT DETAILS

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info@ozminerals.com

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Parkside
South Australia 5063 Australia
Telephone: (61 8) 8229 6600
Facsimile: (61 8) 8229 6601

Share Registry
Link Market Services Limited
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Melbourne
Victoria 3000 Australia
Telephone: +61 1300 306 089
Facsimile: (61 2) 9287 0303
www.linkmarketservices.com.au

Careers at OZ Minerals
www.ozminerals.com/careers

ANNUAL GENERAL MEETING

Monday 25 May 2015
at 2.30pm (Adelaide time)
Adelaide Oval
William Magarey Room
Level 3, Riverbank Stand
North Adelaide
South Australia 5006

COVER STORY

Husband and wife Warren Pickering and Anna Small were the joint winners of the 2014 OZ Minerals Copper Sculpture Award.

Warren and Anna's complementary copper sculpture designs were inspired by nature. Warren's dazzling blue copper sculpture design is reminiscent of a rolling wave in the ocean. Anna's intricate copper sculpture is reminiscent of a native Australian flower. The large copper sculptures were oxidised, which produces the blue/green patina.

'Metamorphosis', was exhibited inside the main terminal of Adelaide Airport during the 2014 South Australian Living Arts Festival (SALA).

OZ Minerals has an ongoing partnership with SALA and has offered the Copper Sculpture Award since 2010.

The Copper Sculpture Award is similar to a commission. South Australian artists are given the opportunity to submit a proposal of their idea and apply for financial assistance for copper and production costs. Artists are then able to sell their works after the SALA Festival.

Previous winners include Chris Ormerod with 'This Vital Arc', Rachel and Mark Young with 'After the Rain', Victor Harbor High School with their copper school signage, print artist Mei Sheong Wong and Nicholas Uhlmann with 'Dream Voyager'.

OZ MINERALS